

[Secretary]

inform the House of the People that the Council of States, at its sitting held on the 3rd December, 1952, agreed without any amendment to the Forward Contracts (Regulation) Bill, 1952, which was passed by the House of the People at its sitting held on the 24th November, 1952."

- (2) "In accordance with the provisions of rule 125 of the Rules of Procedure and Conduct of Business in the Council of States, I am directed to inform the House of the People that the Council of States, at its sitting held on the 3rd December, 1952, agreed without any amendment to the Indian Power Alcohol (Amendment) Bill, 1952, which was passed by the House of the People at its sitting held on the 25th November, 1952."

PAPERS LAID ON THE TABLE**NOTIFICATIONS ISSUED UNDER REQUISITIONING AND ACQUISITION OF IMMOVABLE PROPERTY ACT, 1952**

The Minister of Works, Housing and Supply (Sardar Swaran Singh): I beg to lay on the Table a copy of each of the following notifications under sub-section (2) of Section 17 of the Requisitioning and Acquisition of Immovable Property Act, 1952:

(i) Notification No. 9545-WII/52, dated the 25th November, 1952; and

(ii) Notification No. 9586-WII/52, dated the 26th November, 1952. [Placed in Library. See No. P-84/52.]

INDUSTRIAL FINANCE CORPORATION (AMENDMENT) BILL--concl'd.

Mr. Deputy-Speaker: The House will now proceed with the further consideration of the Bill further to amend the Industrial Finance Corporation Act, 1948.

Shri Sarangadhar Das (Dhenkanal--West Cuttack): It seems the hon. Minister Shri Tyagi has not yet laid on the Table the letter he had received from Lala Sbrī Ram.

Mr. Deputy-Speaker: He said he will do so.

Shri S. S. More (Sholapur): Perhaps he wants to use it for the purpose of the third reading.

The Minister of Revenue and Expenditure (Shri Tyagi): It is a long letter. If it is the intention of the hon. Members to make it a part of the proceedings, then I fear it will be more a sort of advertisement of those firms than otherwise. I wanted, in fact, to avoid both the advertisement of the firms as well as their criticism and therefore I read the most relevant portions. But the letter is here and I thought that instead of making it a part of the proceedings which even hon. Members want to see it will come to me and see it.

Shri S. S. More: I had been twice to the Parliament Secretariat office and that letter was not made available to me.

Mr. Deputy-Speaker: Unless there is any portion in it which is so confidential, the hon. Minister may kindly lay it on the Table. It would not be printed in the proceedings, but it will be kept in the Library.

Shri Tyagi: Very well, Sir. I hereby lay it on the Table. [Placed in Library. See No. P-86/52.]

Clause 21.—(Amendment of section 32 etc.)

Mr. Deputy-Speaker: The House has passed clauses 2 to 20. I find that there are no amendments to clause 21. The question is:

"That clause 21 stand part of the Bill."

The motion was adopted.

Clause 21 was added to the Bill.

Clause 22.—(Insertion of new section 32A. etc.)

Mr. Deputy-Speaker: The amendment of Shri Sivamurthi Swami wants to omit clause 22. It is out of order. Anybody else wants to move his amendment?

Pandit Munishwar Datt Upadhyay (Pratapgarh Dist.—East): I want to move mine. I beg to move:

In page 7, lines 47 to 49, for "standing in the reserve fund established under sub-section (1) of section 32 and the special reserve fund" substitute "so credited".

The Deputy Minister of Finance (Shri M. C. Shah): We accept it.

Mr. Deputy-Speaker: Does it make any difference in substance, or is it merely a question of language?

Pandit Munishwar Datt Upadhyay: It does make a substantial difference.

Mr. Deputy-Speaker: The hon. Minister accepts it.

Pandit Munishwar Datt Upadhyay: Still, I would like to make a few submissions.

The object of this amendment is to build up a special reserve fund. The Industrial Finance Corporation has been created with the object of helping industries generally and big basic industries in particular. We have included shipping also as one of the industries to which help should be given by this Corporation. This industry requires a very large capital and so far, for want of capital it has been the close preserve of foreigners. If at all, therefore, we mean to help such big industries, it is necessary to have a special reserve fund. In this Bill, provision has been made for a reserve fund but my point is that there should be a special reserve fund. The provision already in the Bill is not sufficient, and we must separate this special reserve fund from the ordinary reserve fund. I want this additional reserve fund to be created, so that in time of need it might prove useful. We have now raised the limit of the loans to individual concerns from Rs. 50 lakhs to Rs. one crore. In view of the inclusion of big industries to which loans may be advanced, the raising of this limit is perfectly justified. But along with it it is very essential that we should create a special reserve fund. But I do not agree with the amount that has been fixed. That amount is too small and a higher amount should have been fixed. But there is one redeeming feature and that is that we have now got the borrowing power—we can borrow against securities. Up till now we could not borrow against securities; we had to sell the securities. At times this could not be done. Now we can borrow up to a limit of Rs. 25 crores against bonds and debentures, which is five times the paid up capital. There is all the more reason why the amount of the Special Reserve Fund should be increased.

We have all along been very anxious to finance our industries. But during the debates in our excitement over the demand of list of loanes, we ignored a most important aspect of the Bill, and there was not much discussion over it. When the names of certain firms to which loans were granted were given, there was no criticism on the merit of the loans. But there was a good deal of excitement over it and consequently we ignored certain important provisions of the measure.

Among them the building up of a Special Reserve Fund is a great necessity for the Corporation.

The other point I wish to make is that we cannot build up the Special Reserve Fund easily unless we divert the guaranteed dividend of the Reserve Bank and also of the Government shares to it. Unless we do it we cannot speedily create the Special Reserve Fund. That is why I have suggested that the guaranteed dividend and also of the Government investment in the Corporation should be directed to the making up of the Special Reserve Fund. By passing the proviso to clause 13 yesterday we have undertaken the responsibility of unlimited guarantee for loans. In our anxiety to have funds for helping these industries we have undertaken a heavy responsibility. Otherwise there cannot be any justification for it.

Mr. Deputy-Speaker: Amendment moved:

In page 7, lines 47 to 49, for "standing in the reserve fund established under sub-section (1) of section 32 and the special reserve fund" substitute "so credited".

Shri Kasliwal (Kotah-Jbalawar): Clause 22 proposes to create a new section, 32-A regarding a Special Reserve Fund. The hon. Minister has not told the House anything about the necessity of the Special Reserve Fund, as far as I could gather.

Secondly, up till now Government have paid about Rs. 26 lakhs for the guarantee of interest to the shareholders. Government have also received certain money as their share of profits or interest. All this is going to be placed in a Special Reserve Fund with the result that Government will be paying all the time and will not be receiving any money. I would like to know the necessity for the creation of a Special Reserve Fund and why all this money will not go to the general revenues of the Central Government.

12 Noon.

Shri M. C. Shah: I have already stated the absolute necessity of a Special Reserve Fund in the course of my speech. Government had given Rs. five crores for the Reserve Fund to the Reserve Bank. Now we are going to have bigger funds at our disposal. It is always better for the Corporation to have its financial position strengthened by a Special Reserve Fund. It has also been provided that the Special Reserve Fund will not be touched by any shareholder. Nobody will have any right in it except the Government and the Reserve Bank of India.

Shri K. K. Baso (Diamond Harbour): On a point of clarification. Will the Special Reserve Fund be taken into account in calculating the borrowing power of the Corporation. Will these Rs. 50 lakhs be counted towards the borrowing power of the Corporation?

Shri M. C. Shah: It does add to the credit of the Corporation.

Mr. Deputy-Speaker: The question is:

In page 7, lines 47 to 49, for "standing in the reserve fund established under sub-section (1) of section 32 and the special reserve fund" substitute "so credited".

The motion was adopted.

Mr. Deputy-Speaker: The question is:

"That clause 22, as amended, stand part of the Bill."

The motion was adopted.

Clause 22, as amended, was added to the Bill.

Clause 23 was added to the Bill.

Clause 24.—(Amendment of section 34 etc.)

Shri M. C. Shah: I beg to move:

In page 8, line 35, after "section 5" insert "or sub-section (2) of section 21".

Dr. M. M. Das (Burdwan—Reserved—Sch. Castes): I beg to move:

In page 8, line 38, omit "under sub-section (6)".

According to the original Act, the accounts of the Corporation were audited by two private audit firms appointed by the Central Government and the Auditor-General of India had nothing to do with the audit of the accounts of this Corporation. This matter came before the Public Accounts Committee on more than one occasion and the Committee came to a unanimous decision about this matter. Its decision was that in corporations like this where huge sums of public money are invested, the Auditor-General of India should be associated with the accounts and audit. The Auditor-General himself approved this decision of the Public Accounts Committee. The Government was informed about this decision of the Public Accounts Committee. Now in this amending Bill, to comply with the decision of the Public Accounts Committee, the Auditor-General has been associated with the

audit of the accounts of the Corporation.

But the manner in which the Auditor-General has been associated is not very satisfactory. Provision has been made in the amending Bill for the appointment of two auditors, one to be elected by the shareholders of this Corporation other than the Reserve Bank and the Central Government, and the other auditor to be appointed by the Central Government in consultation with the Auditor-General.

Now, the whole financial responsibility of this Corporation lies upon the shoulders of the Central Government. No doubt there are shareholders such as the scheduled banks, the insurance companies, the investment trusts, and the State co-operative banks; but they are shareholders without any risk. Every pie that has been contributed by these shareholders is guaranteed by the Central Government. Not only the repayment of the principal has been guaranteed, but its interest and in some cases the incidental charges also have been guaranteed.

Considering this cent. per cent. financial responsibility of the Central Government, I submit it would have been more desirable to have the accounts of this Corporation audited by the Auditor-General of India. This was necessary not only to inspire public confidence but also to avoid unnecessary criticism. But, technically speaking, as this Corporation has got some non-official shareholders, the whole responsibility of audit could not be given in the hands of the Auditor-General.

Even then the provisions in respect of audit that have been made in this Bill are defective. Parliamentary control over the expenditure of Government is not complete unless and until the audit report is placed before the Houses of Parliament and an opportunity is given to Parliament for examination of those reports and their further recommendation. So far as the present provisions in this Bill about audit are concerned, no opportunity is given to Parliament for examination and report by their committee except in some special circumstances. My amendment proposes that every audit report of the accounts of this Corporation should be laid before both Houses of Parliament for their examination and recommendation.

Shri M. C. Shah: I accept that amendment.

Shri N. Somana (Coorg): I thought Mr. Guha's amendment was also going to be accepted by Government. Mr. Guha wanted to move the deletion of the reference to sub-section (6) so that all the audit reports, that is even the reports under other sections, may be submitted to Government.

Dr. M. M. Das: My amendment is the same thing.

Mr. Deputy-Speaker: I have not got any amendment in the name of Mr. Guha, nor is he here. Therefore I will only put those amendments which have been moved.

The question is:

In page 8, line 35, after "section 5" insert "or sub-section (2) of section 21".

The motion was adopted.

Mr. Deputy-Speaker: The question is:

In page 8, line 38, omit "under sub-section (6)".

The motion was adopted.

Mr. Deputy-Speaker: I am afraid the Chair is put in an embarrassing position. At least the hon. Members who move the amendments must say 'Aye'; of course the others who support it must also say 'Aye'. Whether it comes from the Government or the other side, if sufficient voices are not there I will immediately rule it out. I cannot merely take things for granted.

The question is:

"That clause 24, as amended, stand part of the Bill."

The motion was adopted.

Clause 24, as amended, was added to the Bill.

Clause 25.— (Amendment of section 35 etc.)

Shri T. K. Chaudhuri (Berhampore): I beg to move:

In page 8, line 44, after "substituted" insert "and the following shall be added at the end:

"together with the names of the concerns to which the Corporation has granted loans and of the concerns whose loans have been guaranteed by the Corporation or in whose favour it has entered into under-writing agreements as well as the names of members of the Board of Directors of all such

concerns including the Directors nominated by the Corporation if any, and the amount of loan granted to each one of these concerns, the amount of loans guaranteed and the extent of under-writing agreements if any with such concerns."

Mr. Deputy-Speaker: Is it in order?

Shri T. K. Chaudhuri: That is for you to judge, Sir.

Mr. Deputy-Speaker: Let us see the original wording. What does the Minister say? Is it not beyond the scope of the Bill?

Shri Tyagi: I think it is out of order, Sir.

Mr. Deputy-Speaker: Then why should the hon. Minister wait till I suggest? I shall see whether I can make this relevant as far as possible. Section 35 of the Act deals with returns. In this clause they say that in subsection (3), for the word "two" the word "three" shall be substituted; that is three months instead of two months.

Shri S. S. More: No, Sir. This relates to part (1) of clause 25.

Shri K. K. Basu: It relates to sub-section (2) of section 35 of the parent Act where Government propose some further amendment.

Shri M. C. Shah: Instead of "classification" we have said "statement showing the classification". It is rather more clarifying. That is all.

Shri K. K. Basu: But you have to define what is classification.

Shri M. C. Shah: A statement showing the classification.

Mr. Deputy-Speaker: I am afraid this is out of order. Absolutely no amendment has been moved except the statement of classification. It is only a grammatical one. There is no substance. Hon. Members will kindly bear this in mind. It is not merely a rule. It is a rule of procedure which is consistent with the progress of all such amending Bills. The amending Bill lays importance on a particular portion. In that particular portion matters of substance or a matter of form are sought to be interfered with. Even though a particular section is untouched indirectly it has got consequences elsewhere on account of which the other amendments are necessitated. They will arise even though the Government or the sponsor of the Bill might have overlooked it. This is a

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matter of form. Therefore there is no intention to amend sub-section (2).

Shri K. K. Basu: The classification is there. We want to define what should be included in the classification. We feel it is not given to the public. The Government as a shareholder of the particular concern is, under the ordinary law, entitled to know the details.

Mr. Deputy-Speaker: I agree. There is no doubt about that. The intention of the hon. Member is very clear. That is not my point. All that I am submitting is that so far as the classification in general is concerned, what exactly is put into, what are the items that have been brought in, all the additional information has to be given. It does not form part of the original Bill. Nor is it intended to say "if they gave only one category of names of persons, you can add". It merely says, "a statement of the classification". Nothing more than that. If the word "classification":

Shri M. C. Shah: This was, Sir, in the Select Committee Report on the State Finance Corporation. They have incorporated this clause there. So we have taken that Select Committee's suggestion. We have agreed

Shri S. S. More: I want to know whether they have any objection, any inherent objection to seeking that sort of information. They can very well accept. As a matter of fact Mr. Shah and Mr. Tyagi have been very candid in admitting the theoretical superintendence of this House in all these matters. What is theoretically admitted is not practical. They can accept it, Sir. It is much in the interests of the Government and the public.

Shri Tyagi: It is not relevant. How can I introduce it in the Bill.

Mr. Deputy-Speaker: I am sorry this is beyond the scope of the Bill. Any other suggestions?

Shri M. C. Shah: Instead of two months, we say three months.

Shri K. K. Basu: Can we discuss this amendment?

Mr. Deputy-Speaker: this clause may be discussed.

Shri T. K. Chaudhuri: The original Act provides that there should be a classification in the form required by the Reserve Bank and the Government but we do not find in the report

that has been handed over to us any consistent or systematic form of classification. I have here in my hands the first and the fourth reports. In the first report we find two classifications, province-wise and amount-wise. In the fourth report there is one classification of loans and advances sanctioned industry-wise and State-wise. So, we would like to know from the hon. Ministers what is the exact form of classification. This is very important because these classifications are to be put in the report which will be presented to the Parliament. The information that we obtain from these classifications should be as complete as possible but so far these annual reports do not seem to have followed any consistent line of action in this matter and I want to know from the hon. Ministers what has been the exact form in which they have asked the Corporation.

Shri Tyagi: All sorts of information, practically every information is asked for from the Corporation. Every information is supplied to the Government. The fact that I was not able to put before the House one information does not mean that the Government has not got that information in their possession. The very fact that according to the prescribed statement they are required to submit information within a period shows that whatever the Government or the Reserve Bank prescribes, that very information will have to be provided. Therefore the margin is enough. Any type of information can be prescribed and whatever the Government or the Reserve Bank asks for is available. There need not be any fear of their keeping anything from the Government or the Reserve Bank.

Shri T. K. Chaudhuri: That is not my point. Here, the original Act provides that the Central Government or the Reserve Bank may require a classification of its loans and investments and of loans guaranteed by it and under-writing agreements entered into by it. This is in sub-section (2) of section 35 of the original Act. I want to know what is the exact form of classification that the Government or the Reserve Bank has required the Industrial Finance Corporation to submit to them because I find from the next sub-section that these statements have to be laid before the Parliament. Here it is not a question of Government keeping back anything. Government is required under the statute to place these statements before the Houses of Parliament. In the

reports we do not find that any consistent line has been followed by the Government or by the Reserve Bank so far.

Shri M. C. Shah: My colleague has already replied and I may just say there are regulations to be framed under the Industrial Finance Corporation Act and certain regulations have already been framed. In those regulations there is Schedule D which shows all that information about classification. It is a big one. The hon. Member may just look into that. At the same time we have stated that, if necessary, all these suggestions will be considered and if any addition or alteration is to be made, it will be made.

Mr. Deputy-Speaker: Is there any provision for getting the names of the Corporations to whom loans are granted?

Shri M. C. Shah: That cannot be in the Regulation. It comes within the powers of the Government. There is a prescribed form in the Regulations.

Mr. Deputy-Speaker: In the prescribed form?

Shri M. C. Shah: The form is there in the Regulations.

Mr. Deputy-Speaker: Does the form contain any provision for any classification or sub-heading where the names of the Corporations to whom loans are granted, are noted?

Shri M. C. Shah: That is not there, because it is published.

Mr. Deputy-Speaker: It is to be furnished to the Government?

Shri M. C. Shah: Yes, Sir.

Mr. Deputy-Speaker: It is not to be placed on the Table of the House?

Shri M. C. Shah: No.

Mr. Deputy-Speaker: All that the hon. Member wants is that in this regard Government should get information regarding the loans instead of having to ask the Corporation from time to time ad hoc to give such information, and that it must be in the prescribed form, and that regularly and as a matter of course, the names of these persons who have borrowed must come to the Government.

Shri M. C. Shah: We do get that.

Mr. Deputy-Speaker: But, it is not in the prescribed form.

Shri M. C. Shah: It cannot be in the prescribed form.

Shri S. S. More: Why not?

Mr. Deputy-Speaker: After all, the form is prescribed by the Central Government and the Reserve Bank. Whatever is there, is there. We get all the information. We get the names also.

Shri Jhunjhawa (Bhagalpur Central): If we require any particular information, for a particular purpose, can further headings requiring further information be added?

Shri Tyagi: It is a question as to whether Government has it or not. I thought the proper question germane for the discussion just now was whether the Act gives power to the Government or not. The Act does give the powers. So long as the Act gives the power, Parliament may be satisfied. It is a question of what information Government may choose to have. We may ask for any other information. At any time, we can change the schedule. After all, the House has given power to the Government, to frame Regulations. The question is whether this power should vest with the Government or not.

Shri S. S. More: We do accept that the power of control by seeking information should vest with the Government. Our anxiety is whether the Government is exercising that power, by keeping all the material at the disposal of Parliament, to exercise the necessary vigilance. That is the point. Therefore, the Government has not discharged its responsibility to the present House. That is our contention.

Shri Tyagi: It is really surprising. I do not know what is there that the House does not really possess. I have told you so many times that every loan that is granted is granted after informally the Minister is consulted. We are always in possession of full facts. Why should we add it in the prescribed form, when we already have that information, as regards the names of the loanees. I have said the responsibility is mine that I am not placing it on the Table of the House. I have taken that responsibility on myself repeatedly, Sir. It is not as if I am ignorant of what is happening.

Mr. Deputy-Speaker: The amendment only seeks to impose an obligation that the names of those persons should also be included. But, there

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is no obligation under the original Act for the names to be submitted to the House. It is only a question of furnishing to the Government. The hon. Minister has said that all the information is available with the Government, and not that they are not available with the Government. Therefore, it is another thing to say that the House must have the right to ask the Government.

Pandit Thakur Das Bhargava (Gurgaon): With your permission, Sir, may I submit, it is quite true, as you have been pleased to observe, so far as the original Act is concerned, this amendment is beyond the scope of the Act. At the same time, the rules of procedure are only meant for one purpose, that is, to achieve the object in view. So far as the previous names of loanees are concerned, Government have taken the position that as the hon. Finance Minister is not here, they are not in a position to give the names. I can appreciate that. So far as the future policy is concerned, Government have not said that in the future they will not publish the names. If the Government accepts that and the House wants it, the rules of procedure can be waived. What is the difficulty? The House wants it. Hon. Minister has no objection. Why do not they agree to this amendment being accepted even if it is beyond the scope? There is no rule that even if the House agrees and the hon. Ministers agree, the scope or the province cannot be widened. The hon. Mr. Tyagi has been quite anxious and the hon. Mr. Shah has been quite anxious to give this information to the House. Only the hon. Finance Minister's absence has stood in the way. We all appreciate that.

Shri Tyagi: Not only that. This has to be examined. It is not that I have agreed with all your views. I only said that the Finance Minister will examine it when he comes back.

Pandit Thakur Das Bhargava: Now it is coming to that.

Mr. Deputy-Speaker: We are on clause 25. That relates to section 35. Section 35 relates to Returns to the Central Government. Sub-section (2) says that the Corporation shall furnish to the Central Government such and such returns. Sub-section (3) lays down that the Corporation shall furnish to the Central Government and the Central Government should place the statement on the Table of the Central Legislature. That does not include the amend-

ment even if it should be admitted waiving all technical objections. For, that amendment only says that the Corporation shall furnish these particulars; it is not as if sub-section (3) is amended so that these particulars must be placed on the Table of the House. There is no such amendment. This amendment does not go to that extent at all. We are not on the point whether there should be a statutory obligation on the Government to furnish that information to the House or not. We are in an earlier stage, whether it must not be obligatory on the Corporation to furnish these particulars to the Government. As a matter of fact, the hon. Minister says that Government has got all that information. Therefore, this would only be trying to do a thing that is already being done. Further, it is a matter of policy. It is not the subject matter of any amendment now. After the hon. Finance Minister comes, in view of the Prime Minister's statement, what is to be done, is a different matter. I need not go into that matter now. Even assuming that this amendment may be allowed, this is a matter which is already being done under the rules prescribed. It is the Central Government that is prescribing the rules. They are getting all this information. Under these circumstances, what is intended by this amendment, whether this amendment is allowed or not, is already being carried out. The other matter can be taken up at another opportune moment after the hon. Finance Minister comes back. It is not appropriate to the issue before the House at present. Now, I will put clause 25 to the House.

The question is:

"That clause 25 stand part of the Bill."

The motion was adopted.

Clause 25 was added to the Bill
Clauses 26 to 31

Mr. Deputy-Speaker: There are no amendments to any other clause. I will put all the other clauses together.

The question is:

"That clauses 26 to 31 stand part of the Bill."

The motion was adopted.

Clauses 26 to 31 were added to the Bill.

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

Shri M. C. Shah: I beg to move:

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

Mr. Deputy-Speaker: Motion moved:

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

Shri L. N. Mishra (Darbhanga cum Bhagalpur): Sir, we are for a welfare State. For a welfare State we need an increase in our national wealth and regularity in flow of our national income, according to the renowned Professor Pigou. For an increase in national income, it is necessary that our economic life should be industrialised. Fortunately, with the raw materials that we have, India has a great industrial future. For industrialisation, planning is necessary and for planned industrialisation, we should have a systematic and orderly supply of capital. This Industrial Finance Corporation is a step in that direction. I think that in its short span of life, it has been able to play a formidable part in providing a stimulating force to a number of industries in our country that had either a stunted growth or could not see the light of day for want of capital. Therefore, I think that this Industrial Finance Corporation has filled a big gap in our economic life and it has been able to provide strength and capital to a number of industries which could not have seen the light of day without its co-operation. It is too early to give a verdict over that, because, even in advanced countries it has not had its full trial as yet. It is a new experiment in our economic life. I am sure in no time it will be able to become a great force in mobilising the capital of our country.

The Industrial Finance Corporation was organised primarily to provide long-term loans to industries on a limited scale, and capital to those industries whose growth was retarded for want of capital. Its main function, in my mind, has been to supplement the capital market, rather than to replace it. Its subsequent role has proved that it was necessary, and its utility can never be denied. The help that it has rendered to a number of industries whose progress was held up owing to want of capital is well known to those who are interested in its working and development. In the case of specially those industries which were designed to manufacture machinery, an almost blood-transfusion was made by this Industrial

Finance Corporation and almost dying patients were helped to survive by its aid.

Criticism has been made against it on the ground that a number of industries could not get aid from it. I am not in a position to refute those charges. But I may say one word. These days when it is not possible for even the commercial banks to meet all the demands of the industries and trade, how can it be possible for the Industrial Finance Corporation to extend financial assistance to all industries? This argument does not hold good when we find that out of Rs. 14 crores granted by the Corporation, only Rs. 7.25 crores could be utilised by the industries up to June, 1952.

Again, criticism has been made that the rate of interest being raised from five and a half to six per cent. with a rebate of half per cent. is too high. In this connection I may say that the Industrial Finance Corporation too has to behave commercially for the purpose of its resources. It floats loans in the market and gets capital by borrowing. The charges of borrowing came to four and a half per cent. in the market, and so it is not possible for the Corporation to lower the rate of interest on its loans to industrial concerns. Even then, the present rate charged by it compares quite favourably with the rates in the market.

Coming to the services that it has rendered to our economic and commercial life, I may say that immense assistance was given by the Corporation in the course of the last one year, when with inflation well under control the sellers' market was being turned into a buyers' market, we know how many industries were almost on the verge of collapse; and this Corporation came forward, advanced money to these industries to survive, and further deterioration of the situation was checked. You know, Sir, theoretically financing of industries and industrial finance are two different things. Financing of industries is done by the commercial banks or similar other agencies, while industrial financing is done by bodies like the Industrial Finance Corporation. But in our country this Industrial Finance Corporation has made no such distinction. It has helped many of those industries whose progress was retarded for want of working capital, and we know how especially after the Korean War when prices shot up, it was not possible for industries to develop and meet its daily needs in absence of more capital. This Industrial Finance Corporation came for-

[Shri L. N. Mishra]

ward and aided. And it was because of this that out of Rs. 15 crores, Rs. six crores were granted to the new types of industries, Rs. five crores were granted to those industrial concerns which needed expansion and modernisation.

Before I conclude, I would like to make one or two suggestions regarding this Corporation. I suggest that the Industrial Finance Corporation should advance money to private limited companies also. This provision will be in the direction of helping those small-scale industries which occupy a very important position in our Five-Year Plan. Therefore, I think that private limited companies should be allowed to get benefit from the Industrial Finance Corporation.

Secondly, it should also subscribe to the Share capital of companies as is done by the Industrial and Commercial Corporation of England. And recently, Pakistan, too, has taken a step in that direction by establishing the Pakistan Industrial Development Corporation which seeks to promote industries like jute, ship-building, chemicals and heavy industries. I think if this Corporation decides to subscribe to the share capital of companies, many of the companies will have very fine days.

The Industrial Finance Corporation should have a well-organised economic research department. Up to this day, its working and functioning have not been on well-planned lines. Therefore, it is necessary that it should have an economic research department.

Lastly, I welcome any step for its nationalisation. I know it has done remarkable things, but any step for its nationalisation will be really a great step, and that will be a thing to be commended upon.

Shri M. S. Gurupadaswamy (Mysore): May I say a few words?

Mr. Deputy-Speaker: Of course, any hon. Member can speak, but the hon. Member has already spent so much time over this matter. Those who have spoken ought to give an opportunity to other Members who have not spoken at all.

Shri M. S. Gurupadaswamy: I will be very brief in my remarks.

Shri K. K. Basu: Let newcomers be given the first chance.

Babu Ramnarayan Singh (Hazari-bagh West): Also those who have spoken only once.

Shri Morarka (Ganganagar-Jhunjhunu): Sir, before we finally part with this Bill, I want to make a few observations, not by way of criticism, but by way of suggestions.

We have seen from the debate in this House that this House is very much concerned with the activities of this Corporation. This concern is not merely academic. This House is concerned mainly because huge public finance is involved in this Corporation. Today, the amount involved is more than Rs. ten crores. In due course, it may be even Rs. 100 crores, or perhaps even more. Therefore, it is quite natural that this House should feel concerned about the activities and welfare of this Corporation. For this reason, this House is very anxious to have some sort of Parliamentary control over its activities. One way in which this control can be exercised is by discussing the annual report which is placed before this House. Here I must say that the type of report that is placed before us is quite uninformative and insufficient. Government can very well prescribe for the Corporation to submit this report in more detailed form, and then at least for one day in every year we should have the opportunity to discuss the activities of this Corporation, thereby censure the unhealthy activities and other features of this body.

Another point is that since a lot of dissatisfaction has been expressed by this House about the loans being granted to some of the directors of the Corporation or concerns in which they are directly or indirectly interested, whether the directors are Industrialists or not, it does not matter—as a matter of principle, it should be laid down by Government that no director who is directly or indirectly interested in any concern should be able to take loan for his concern from this Corporation. If this Corporation wants to give a loan, or if any such concern wants to take a loan, then, at least the interested director of the corporation should first stand aside by resigning his post. You know, Sir, very well that even under Section 86(d) of the Indian Companies Act, any director of a public limited company cannot take any loan from that company itself even if he is the virtual owner of the company. Here in this corporation the entire amount that is involved is of the public. It is very essential that

we must very strictly adhere to these principles. It may be that these loanee concerns are very sound concerns, but even then why give the loan at all to a concern in which a director of this Corporation is directly or indirectly interested? If he has interest in a concern and that concern wants a loan, let him resign from that and then submit an application for the loan, standing on the same footing as any other person. This is the most reasonable request that can be made, and I think the Government, as a matter of policy should dictate that in future no loans should be given by this Corporation to any concern in which any director of this Corporation is directly or indirectly or even remotely interested.

The second point is that the report which has been supplied to us does not make any mention at all of the defaults which have been committed by the 13 concerns referred to by the hon. Minister. I am very surprised why the auditors of this Corporation have neglected to make any comments on them. From the letter of the Chairman read out by the hon. Minister, we came to know that 13 concerns have committed defaults. We also want to know something as to how much money is involved in these thirteen concerns, what is the nature of default they have committed, what steps has the Government taken to recover the amounts. We do not know even whether the management of any of these concerns has been taken over by the Government. If it has not been taken over by Government, then we would like to know whether any extension of time has been given, and if so, what time has been given etc. All these things should be incorporated in this report. It should be laid down by regulations that the auditors should make a detailed report about the various defaults by various parties, the total amounts involved for each default, the steps taken or proposed to be taken by Government for the recovery of the amounts etc so that a fuller report may come before the House.

We find that the economic efficiency of this Corporation has been very low. Sir, as much as ten crores of rupees are put at the disposal of the Corporation, but only Rs. seven crores have been availed of by the loanees, and the Corporation has encountered a loss. We have compared this corporation with the ordinary bank but can you give any instance of any Bank which would suffer such heavy losses merely on the ground of the loanees not taking advantage of the loans sanctioned. We do not know from

this report whether the loanees did not take advantage of the loans, because of the Government machinery involving delays in executing necessary and proper documents etc. It is very essential that the Government should take steps to see that in future no such inefficiency is pleaded, and soon after a loan is sanctioned, it should be availed of by the party concerned. In the meantime the Government must take care to see that the funds of this Corporation are invested in some of the Government securities or other liquid assets which can be easily liquidated, so that the amounts sanctioned may be made available to the parties concerned when required. There should be no more excuses in future for the Corporation to say that because the loanees did not take advantage of some of the sanctioned amounts, the Corporation has suffered a loss. It is a very lame excuse especially these days when the money market is so tight that one can easily invest huge amounts in the industrial concerns, at very economic rates of interest. When that is the position, we cannot understand why this Corporation with a huge capital of Rs. ten crores and more should suffer any losses on grounds of inefficiency, and still ask for more money from Government to pay the guaranteed interest to the shareholders.

I hope the Government would take these suggestions seriously and do something in the matter.

Shri Sarangadhar Das rose—

Mr. Deputy-Speaker: The hon. Member has already spoken.

Shri Sarangadhar Das: I want to say a few words, Sir.

Mr. Deputy-Speaker: The scope of the third reading is very limited. I would invite the attention of hon. Members to Rule 114 of the Rules of Procedure, which reads as follows:

"The discussion on a motion that the Bill be passed shall be confined to the submission of arguments either in support of the Bill or for the rejection of the Bill. In making his speech a member shall not refer to the details of the Bill further than is necessary for the purpose of his arguments which shall be of a general character."

I think enough has been said already about these details.

Shri Sarangadhar Das: You will kindly allow me to speak, Sir. I am anxious to speak, particularly for the reason that the hon. Minister has not replied to certain questions that I had put to him, satisfactorily, and

when I stood up, you, Sir, had told me that I should not intervene, when the Minister is speaking.

Mr. Deputy-Speaker: I think the hon. Member had an opportunity to speak on this Bill.

Shri K. K. Basu: Before the Minister.

Shri Sarangadhar Das: My point is that the hon. Minister has not replied to the points that I had raised. When he was speaking, I wanted to intervene and ask him why he had not replied to these points, but you stopped me from doing so. That is why I want to speak again.

Shri M. C. Shah: I have already replied to the points raised by my hon. friend Mr. Sarangadhar Das.

Mr. Deputy-Speaker: Hon. Members, in spite of all that the Government may say, may still not be satisfied. What then is the procedure to adopt? Are the same questions to be allowed to be repeated again? The hon. Minister says that he has answered all the points already and that he has nothing more to say. Are we to go on with the same things again? I would request each and every hon. Member to place himself in the position of the Chair and think for a moment what he will do. There is a question put, and the hon. Minister says: "This is all that I can say". Am I to squeeze the ear of the hon. Minister? What is it that can be done? There is obviously no purpose served by going over the same ground again. I only want to regulate the debate so that suggestions may be made, and questions may be put. If the replies are given, very well, they may be accepted or rejected. If they are not replied, then there are other methods. Under these circumstances, to say 'I shall make another speech again', is not proper. When the hon. Minister replies, he replies to whichever points he can; with respect to the other points, he may not reply, and possibly he cannot. In these circumstances, I am not prepared to allow any questions to be repeated merely because they have not been answered.

Shri Sarangadhar Das: When an hon. Member is speaking, the Minister can intervene in one thing or another. That is allowed, but when a Minister speaks, the Chair does not allow us to intervene, if we try to.....

Mr. Deputy-Speaker: Far from it. I have been allowing all hon. Members to intervene and have their doubts cleared.

Shri Sarangadhar Das: I have a further point to make, in this regard.

That is why please allow me to speak, and I would not take much time.

I want to say one thing about the granting of loans to particular firms, the Bengal Potteries for instance. The Bengal Potteries was started some 35 or 40 years ago, and has gone through many hands, and now it is working with a capital of Rs. 25 lakhs.....

Mr. Deputy-Speaker: This is irrelevant. Sufficient time has been allowed already to go into the details of the administrations of the Corporation. We are now in an Amending Bill. Any reference to the general manner in which this Corporation is working is not in order. Sufficient scope has been given for the purpose of enabling hon. Members to refer to this by way of illustration, to elucidate their arguments as to whether such powers ought to be given or not. But that is only by way of illustration. It is not as if we are going into the administration of each one of those institutions to which a loan has been given. Under these circumstances, I cannot allow any further reference to any of the loans given, because sufficient has been said about this matter already.

Shri Sarangadhar Das: I submit that probably I am not able to put my point in the proper way. The principal thing, I want to point out, is that the intention of every one and the Government as well is not to allow big people to eat up small people, by giving these loans. There are about half a dozen small potteries in Bengal which are being killed now. I want to ask: Is that the intention of the Government?

Mr. Deputy-Speaker: It is not so. What I must say is that the hon. Member has not understood me. My point is that it will not be necessary to go into all these details to try to evolve the manner in which the distribution should be made for the benefit of small and medium size industries, etc. It may all be very good to say that there should be a proper distribution as between the various industries. But it is for a Committee to be appointed to make investigations and impress upon the Government that they should do such and such a thing.

So far as this Bill is concerned, one or two instances will be relevant by way of illustration to show how the Corporation has been mismanaged, or to argue whether such powers as are at present given to the Corporation should be given or whether such powers should be taken away, or

that some further checks ought to be maintained. We are not going into each one of them for the purpose of finding out how best the rules and regulations may be framed for the purpose of enabling the Corporation to distribute the loans in a proper way. That is a different matter altogether. Hon. Members will constantly bear in mind what exactly is the scope of this Bill. Here and there some references were allowed, but to go into each one of them is not proper.

Shri T. K. Chaudhuri: After the letter of Shri Sri Ram was placed on the Table, certain discrepancies about the administration of the Corporation as revealed in the fourth report, have come to our notice. Can we raise that point? It is a general thing.

Mr. Deputy-Speaker: It is a general thing.....

Shri Sarangadhar Das: My object was only to place this point so that the Government will take care to remedy it.

Mr. Deputy-Speaker: All that is said by any hon. Member is most well-intentioned. The difficulty is this. We are not now in a discussion on the administration of the Corporation. We are now on a Bill to the extent, of course, of empowering the Corporation or taking away some powers from the Corporation. All that may be relevant by way of illustration. But we cannot go into the administration report of the Corporation. A provision may be made that the administration report of the Corporation should be examined here by this House or by a Committee of this House. We have not got those powers under this Act. I am exceedingly sorry, notwithstanding all my sympathies, that I cannot allow a digression of this sort so far as this matter is concerned. If any letters have been placed to the extent of extracts, further discussion about that matter—what the letter contains etc.—will not be relevant.

The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha): I beg to move:

"That the question be now put."

Mr. Deputy-Speaker: He was on his legs.

Shri Sarangadhar Das: I have not concluded, Sir. You did not allow me to speak.

Mr. Deputy-Speaker: But it is open to me to say whether anything is allowed or not allowed.

Shri Sarangadhar Das: I bow to that, but at the same time I have had occasion to listen to other speeches on Bills where general matters are brought in so that the Government's attention is drawn to that aspect of the matter.

Mr. Deputy-Speaker: I have also allowed all that at an earlier stage. There is no need to repeat all that. Is it the contention of the hon. Member that every loan that is given should be taken into consideration here and discussed at length? It is an administration report. The directors are sitting there. What can be done by way of illustration has been done. If any further complaints are made, I am exceedingly sorry I cannot allow discussion on them.

The question is:

"That the question be now put."

The motion was adopted.

Shri M. C. Shah: Sir, I have already replied in detail and I do not think any further remarks are necessary.

Mr. Deputy-Speaker: The question is:

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

The motion was adopted.

Mr. Deputy-Speaker: The House will now stand adjourned till 2-30 p.m.

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

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

[MR. DEPUTY-SPEAKER in the Chair]

DELIMITATION COMMISSION BILL.

PRESENTATION OF REPORT OF SELECT COMMITTEE

The Minister of Law and Minority Affairs (Shri Biswas): I beg to present the Report of the Select Committee on the Bill to provide for the readjustment of the representation of territorial constituencies in the House of the People and in the State Legislative Assemblies and for matters connected therewith.