

[Shri B. R. Bhagat]

its money free. A part of the money which IFC has got is its share capital, on which it has to pay 2½ per cent dividend, which is guaranteed by the Government. Its shares are mainly held by the Government or the Reserve Bank. Then it raised bonds on which it had to pay 3½ per cent. Then it gets loan from the Reserve Bank of India, the rate of interest on which varies between 3½ to 4 per cent. The rate of interest which the IFC charged in the beginning was 5½ per cent. Then it raised to 6, 6½ and finally to 7 per cent. It is in tune with the interest rate in the market. If you compare it with even other countries like Ceylon or other corporations, you will find that the rate is not unreasonably high. It is comparable.

So, on all scores I say that the working of the IFC has been satisfactory—even from the point of view of developing new industries in the backward areas. It has functioned very economically and efficiently and it has done a good job. I feel that the doubts expressed about IFC's role in the deferred payment arrangement are uncalled for. It has a special role to play. There is such a great demand for loans. People who want to import

capital and even those institutions which want to export capital, they need some sort of guarantee and that is now done by the IFC. I do not agree with the view that guaranteeing should be done by scheduled banks or by the State Government of the area in which the project is located. From all points of view, it has been considered better and more efficient to have the IFC as the institution which should guarantee such loans.

**Mr. Deputy-Speaker:** Since the hon. Minister is likely to take some more time, he may continue his speech tomorrow.

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**BUSINESS ADVISORY COMMITTEE  
TENTH REPORT**

**Pandit Thakur Das Bhargava (His-  
sar)** Sir, I beg to present the Tenth Report of the Business Advisory Committee.

**17 hrs.**

*The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, the 12th November 1957.*