

BUSINESS ADVISORY COMMITTEE**TENTH REPORT**

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

"That this House agrees with the Tenth Report of the Business Advisory Committee presented to the House on the 11th November 1957."

Mr. Speaker: The question is:

"That this House agrees with the Tenth Report of the Business Advisory Committee presented to the House on the 11th November 1957."

The motion was adopted.

INDUSTRIAL FINANCE CORPORATION (AMENDMENT) BILL

Mr. Speaker: The House will now proceed with the further consideration of the following motion moved by Shri B. R. Bhagat on the 11th November 1957:

"That the Bill further to amend the Industrial Finance Corporation Act, 1948, be taken into consideration."

The Deputy Minister of Finance (Shri B. R. Bhagat): Mr. Speaker, Sir, on Monday last, while replying to the points made during the discussion I covered some of the major points. There are some specific points that had been made by some hon. Members which have been left over and I propose to deal with them briefly.

12.26 hrs.

[PANDIT THAKUR DAS BHARGAVA in the Chair]

The hon. Member Shri B. C. Ghose asked whether Government have made any estimate of the payments that will become due in the next few years as a result of the scheme of deferred payments. It is a very

pertinent point and I think any Government worth the salt would certainly keep that point in view. He raised the issue as to whether provision has been made for enough foreign exchange to be made available for such repayment. I would only say at this stage that Government are seized of this problem and that is why foreign exchange control and foreign exchange budgeting has been completely centralised since the second half of 1956. Government today are keeping a stricter watch on the various proposals involving foreign exchange expenditure and hope that as a result of the economy drive combined with the intensification of the export promotion drive and stricter control over imports, it would be possible for the full mobilisation of our foreign exchange resources. So, I can say with a certain amount of confidence that it should be possible to meet the foreign exchange requirements consequent on the scheme of deferred payments by 1959 or 1960.

He referred to another point, that under the scheme on a guarantee by the State Bank, or Scheduled or cooperative banks the Industrial Finance Corporation make a loan but bears no risk. On the other hand, another hon. Member, Shri Bharucha struck an opposite note. He said by trying to help new concerns which may not have tangible securities to offer, the I.F.C. is indulging in transactions of a speculative nature. I think both the hon. Members, those who think that the I.F.C. is indulging in speculative transactions and the hon. Member who said that the I.F.C. is not actually taking any risk have overstated the position.

Even today for new enterprises the I.F.C. is advancing loans, but because I.F.C. by its very nature is a banking Corporation it has to apply a stricter test to these new concerns. The House in the past has very clearly observed that it should be one of the objectives of the I.F.C. to channel industrial finance to new industries or new enterprises and I think that