

## LOK SABHA DEBATES

### LOK SABHA

Friday, May 9, 1975/Vaisakha 19, 1897  
(Saka)

The Lok Sabha met at  
Eleven of the Clock

[Mr. SPEAKER in the Chair].

### ORAL ANSWERS TO QUESTIONS

**Industries Benefited by IRCI in  
Calcutta**

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\*97. SHRI TUNA ORAON;  
SHRI SAKTI KUMAR  
SARKAR;

Will the Minister of FINANCE  
be pleased to state:

(a) the names of the industries  
benefited by the Industrial Recon-  
struction Corporation of India, Calcutta  
upto date and amount given to them,  
unit-wise;

(b) whether most of the units at  
present are on the verge of closure;

(c) if so, names of such units; and

(d) the reasons for such a condi-  
tion, unit-wise?

**THE MINISTER OF FINANCE  
(SHRI C. SUBRAMANIAM):** (a) to  
(d). A Statement is laid on the  
Table of the House. [Placed in  
Library. See No. LT-9731/75].

श्री दुना ऊराव : जो यूनिट्स बन्द  
पड़ी हैं और जो बन्द होने वाली हैं उस में  
कोरपोरेशन का कितना व्यय है परसेटज के  
ख्याल से।

**SHRI C. SUBRAMANIAM:** I am  
not able to understand the latter part  
of the question—percentage of what?  
But with regard to the first part of  
the question, I have already said that  
steps are being taken to get the in-  
dustries which are closed, reopened.  
Some expert committees are also  
looking into it.

श्री दुना ऊराव : जो यूनिटें बन्द हैं  
और बन्द होने वाली हैं उनमें कारपोरेशन का  
50 परसेट से अधिक शेयर है, उन को  
क रपोरेशन कब तक ले लेना और चलायेगा ?

**SHRI C. SUBRAMANIAM:** In  
these cases, IRCI only gives assis-  
tance for the purpose of running  
them. If a concern has to be taken  
over, action will have to be taken  
under the Industries (Development  
and Regulation) Act.

**SHRI SAKTI KUMAR SARKAR:**  
From the statement it appears that  
the parties which had been sanction-  
ed loans had not received the full  
amount; some of them had been re-  
ceiving the amount in instalments.  
As a result the industries concerned  
suffer heavily. May I know whether  
the hon. Minister will see that the  
amount which is sanctioned is dis-  
bursed in one instalment so that the  
industry concerned can survive?

**SHRI C. SUBRAMANIAM:** It de-  
pends upon the merits of each case.  
In certain cases perhaps disburse-  
ments will have to be in one instal-  
ment. We have to see the amount is  
properly utilised, rather than hand-  
ing over the entire money to the  
management and their not utilising  
it properly is a matter of fact they  
get into difficulties because of the in-  
efficiency in management.

**SHRI DINEN BHATTACHARYYA:** From the statement it appears that Sen Raleigh company is on the verge of closure; I find that the sanctioned moneys were not given to that company and its ancillaries. On the one hand you are saying that because of dearth of market and shortage of funds, the company is on the point of closure. It has already appeared in the papers that the company management is at the present moment thinking of closing down the factory; on the other hand the amount which the IFC wanted to sanction to help this company has not been given fully, only a part has been given. It is a good factory and its machines are in running condition; they are manufacturing cycles and there is enough demand for them; there is also scope for export. Even in this case why is the Government not seriously asking the IFC to pay at least the amount that has been assured so that for financial reasons alone, the factory is not closed?

**SHRI C. SUBRAMANIAM:** The hon. Member agrees that the affairs of Sen Raleigh are not in a good state. As a matter of fact the bulk of the money of this Corporation has gone into that; there have been advances by the banks also. I think already a total of Rs. 4 or Rs. 7 crores had been made available to them; still they are in difficulties. Therefore, there is something with regard to the management. Therefore, the whole thing is under scrutiny. It is only on the basis of that scrutiny and on the basis of the assessment whether the present management should be continued or changed, that further moneys could be advanced; the effort is to see that this is not closed.

**SHRI KRISHNARAO PATIL:** In reply to a supplementary question why the sanctioned money was not distributed in one instalment, the hon. Minister says that it depends upon the merits of each case. Do we take it that it is entirely left to the

discretion of the officials to distribute the money in one instalment or seven instalments or is there any criteria laid down by the Government to which they should conform?

**SHRI C. SUBRAMANIAM:** Each case is considered by an expert taking into account the nature of the industry and also the Cost Accountants are involved in making the assessment. On that basis they make recommendations to the Corporations with regard to the total amount required and how it should be disbursed, and on that basis the disbursements are made. In regard to the guidelines, I think the Government have guidelines. The whole difficulty is that this is a particular sick unit and the diseases vary from unit to unit. Therefore, I do not think there can be a general guideline with regard to this, but certainly we will have to see that proper expertise is utilised for the purpose of examining these units and necessary recommendations are made.

**SHRI INDRAJIT GUPTA:** In view of what the Minister has said about the Sen Raleigh concern and also in view of the fact that it is the cheap form of transport—we do not depend on petrol which is becoming daily much more important—would the Government instead of pouring money into this concern consider taking it over so that production of cycles for the small men may be increased? There is a good export market for the Indian cycles abroad. Why don't the Government think in those terms?

**SHRI C. SUBRAMANIAM:** It is a very constructive suggestion. The whole matter is under examination and before the results of the examination are known, I am not in a position to positively say whether it would be taken over or not, but I am sure the hon. Members are aware when the Hind Cycles were closed down we took them over and it seems

that it has become a healthy unit and very soon it will be making a profit and the production will be in full swing and the labourers will also be employed in full. Therefore, on the basis of the experience we have in Hind Cycles, this also could be considered.

**SHRI DHAMANKAR:** There is a procedure followed by the banks for giving loans to these units. But the procedure takes a very long time before the loan is sanctioned. Sometimes it takes more than two years before the loan is given. I would like to know from the Minister whether the procedure can be simplified so that the loans can be given within a short period.

**SHRI C. SUBRAMANIAM:** I have not received any complaints with regard to the delays. Certainly I shall look into it. If there are complaints, at least I shall try to minimise.

**DR. RANEN SEN:** May I know and whether it is a fact that in all these Companies and undertakings to whom money is being advanced, IFCI representatives are on the Board of Directors? If so, why some of companies continue to run in red and still money is being pumped into them? May I know what actually the representatives of the IFCI are doing? Whether they are looking the affairs of these companies and also trying to improve the position?

**SHRI C. SUBRAMANIAM:** No doubt there are representatives of the Corporation on the Board. But the Board have only periodical meetings and then scrutinise what has already happened. It depends on the managing director and the other executives who are functioning with regard to the day-to-day management of the institutions. That is why sometimes it becomes necessary to change the management also. In many cases I find some of them have recovered from the setback they had

and they are functioning in a healthy manner and some others are recovering. But some of them seem to be incorrigible with regard to the various defects and deficiencies which exist in the organisation itself. Therefore, in this case, unless we change the management itself, particularly the top management, perhaps it cannot improve. This is the case with Sen-Raleigh and this is being looked into.

#### Value of Rupee

\*961. **SHRI BIRENDER SINGH RAO:** Will the Minister of FINANCE be pleased to state;

(a) what was the value of rupee in 1964 and 1974 taking 1949 as the base year; and

(b) what is its value at present?

**THE MINISTER OF FINANCE (SHRI C. SUBRAMANIAM)** (a) and (b). The value of the Rupee, as measured by the All India Working Class Consumer Price Index (base 1949=100), works out to 65.8 paise in 1964, 27.1 paise in 1974 and 25.3 paise in February 1975 (latest available).

**SHRI BIRENDER SINGH RAO:** It is the primary responsibility of the Government to maintain the purchasing power of its currency. The figures show that there has been a very steep fall in the value of the rupee. From 100 paise in 1949 it has come down to 27.1 paise in 1974 and 25.3 paise in February this year. It can be safely presumed that it is less than 23 paise today. This shows that the Government has failed to discharge its responsibility in maintaining the value of the currency and all its fiscal measures so far taken have failed. In view of this, is the Government thinking of imposing any statutory ceiling on the annual increase in money supply because of the continuing inflationary trend?