

LOK SABHA DEBATES

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LOK SABHA

*Friday, March 31, 1978/Chaitra 10,
1900 (Saka)*

*The Lok Sabha met at Eleven of the
Clock*

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

Investment of IDBI by way of financial assistances

*532. SHRI CHITTA BASU: Will the Minister of FINANCE be pleased to state

(a) whether it is a fact that the investment of IDBI by way of financial assistances is comparatively low in the Eastern and North Eastern regions; and

(b) if so what steps the Government proposes to take to correct this imbalance?

THE MINISTER OF FINANCE (SHRI H. M. PATEL): (a) Yes, Sir.

(b) In interpreting IDBI's assistance to different regions due note has to be taken of the growth promoting factors in different regions such as the availability of physical resources, existence of managerial and entrepreneurial capabilities and generally a growth conducive environment. The Industrial Development Bank of India has always aimed at providing financial assistance to all projects, which are technically feasible, economically viable and generally in conformity with the national priorities.

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In order to promote balanced industrial growth as between States as well as between areas in different States IDBI has introduced since 1970 schemes of concessional finance for units set up in backward areas. Other promotional measures taken are:

(i) acceptance of lower promoter's contribution, in the case of units coming in the Himalayan hill region which covers the entire North Eastern Region;

(ii) to identify project potentialities and help in the promotion of projects in backward areas, IDBI, in collaboration with other institutions, has conducted industrial potential surveys of the Eastern Region and North Eastern Region, and

(iii) in order to render technical consultancy assistance, IDBI has also set up the North Eastern Industrial and Technical Consultancy Organisation at Gauhati and the Bihar Industrial and Technical Consultancy Organisation at Patna.

SHRI CHITTA BASU: In his reply the Hon. Minister has mentioned that the IDBI has conducted an Industrial Potential Survey in the Eastern region and in the North Eastern region. May I know whether the Survey Report has been made available to the Government? If so has any action been taken on the Report? Has he got any figures in his possession to prove the contention that there has not been relatively less investment in the eastern region?

SHRI H. M. PATEL: The survey that I said was conducted by the IDBI. That report is not submitted to the Government. Government is not concerned with the matter. These are en-

tirely matters for the Industrial Development Bank of India itself to dispose of. The survey was carried out only in order to help and to assist them to see what potentialities are there in the eastern region and the north-eastern region. Sometime back the Industries Minister of West Bengal asked me about this question and in my reply I have told him that a result of all these efforts considerable speeding up had in fact taken place. I wrote to him saying that these efforts of the financial institutions have been successful in contributing to the increased flow of assistance to the eastern region. During the last 4 years, i.e. 1972-73 to 76-77, the assistance sanctioned by the All India financial institutions to the eastern region amounted to Rs. 348.25 crores compared with Rs. 158.41 crores in the preceding 4 years. West Bengal was the beneficiary of the assistance in the eastern region accounting for more than 50 per cent of the sanctions as well as disbursements in the eastern region during the last 4 years. This is understandable because West Bengal is more developed than the others.

SHRI CHITTA BASU: In the last meeting of the National Development Council it was urged by several Chief Ministers that the State Governments should be involved in the matter of policy formulation, priority determination and the policy reorientation of the public sector financial institutions. What is the Government's reaction to that vital question? It has been admitted by him that the IDBI prepared a survey report but Government has got no access to it. Government cannot act upon it. So my question is: What is the reaction of the Government to the suggestions made by the Chief Ministers in the NDC meeting?

SHRI H. M. PATEL: There seems to be a complete misunderstanding of the functions of the financial institutions. They give advances and loans to companies or organisations. They prepare their cases and these go to

them. You have to show that the projects for which you seek assistance are economically viable. There are potentialities for it; if you are prepared to make a certain amount of financial contribution, you have the necessary entrepreneurial resources at your hands—these are the things on the basis of which the financial institutions take a decision. Government's broad policy decisions are given to them.

In regard to these, discussions with the State Governments take place. As I said just now, my reply was—I quoted it from that reply—from the letter from the Industries Minister to me to explain what the policy is. There are plenty of occasions for the State Governments and the Central Government to discuss these matters. But, in so far as the institutions are concerned, they must proceed on strict financial considerations.

SHRI PURAN SINHA: May I know from the hon. Minister whether the physical resources, managerial and entrepreneurial capabilities and a high growth condition are available in north-eastern region? What is the scope of north-eastern industrial development and technical consultancy that has been established somewhere in North-Eastern region or at Gauhati? May I know whether these are available there—in order to emphasise my point, whether the physical resources, existence of managerial and entrepreneurial capabilities and generally the growth conducive to environment are available in north-eastern region? What is the scope of that consultancy organisation in Gauhati?

SHRI H. M. PATEL: Sir, a certain amount of such talent is available even in the north-eastern region but there is not such a quantum available. But, as many people are coming forward there are not many resources that are available. Therefore, the institution has gone out to them and established consultancy organisations in those regions and also it has esta-

blished the organisations so that they can guide them and help them. Beyond that they can do nothing.

SHRI L. K. DOLEY: Sir, the Finance Minister, while replying, in the first part of the question has rightly mentioned about the need of national priority in awarding such assistance to many such projects. May I know what are the criteria for giving such assistance?

MR. SPEAKER: He has already mentioned it.

SHRI L. K. DOLEY: Compared to the size of work, what is the percentage of assistance that is given if they go to those projects in the whole of north-eastern region?

SHRI H. M. PATEL: I have not understood his question. But, if he means....

MR. SPEAKER: He wants to know what are the criteria for that.

SHRI H. M. PATEL: I have already mentioned that the criteria are there. They are available and they are common to all. But, because in this far-eastern region, north-eastern region, there is a certain amount of dearth of such talent, the institutions have gone out to do something which they normally do not do.

SHRI L. K. DOLEY: What is the ratio?

SHRI H. M. PATEL: I have already said 'Yes' in the very first question whether it is a fact that the investment of IDBI by way of financial assistance is comparatively low in eastern and north-eastern region. If you want actual figures, I can give you that also.

For instance, in the north-eastern region, the total amount given was Rs. 5.26 crores between July 1976 to June 1977. In the same period, in the eastern region, that is, Bihar, Orissa, Sikkim, West Bengal etc. the amount given was Rs. 89.17 crores.

Now, in the other region, it is higher. But, it should not be forgotten that in addition to this, the IDBI is giving, for those regions which are completely neglected, a certain amount of assistance. A certain amount of investment takes place in public sector enterprises and, when you take that into account, then, the gap is not as wide as is thought.

SHRI SAUGATA ROY: Sir, in 1976 the Industrial Development Bank had initiated a soft window loan scheme for the very sick jute industry in West Bengal. It seems to me from the present Report that that scheme is now being watered down. Will the Minister be in a position to tell us the present position with regard to the soft window loan scheme for the jute industry which is so vital?

SHRI H. M. PATEL: There has been no modification of the so-called soft window loan scheme for the jute industry. The jute industry is in a somewhat better state today than it was when this scheme was instituted but so far as the facilities are concerned they still continue as it continued earlier.

Failure of projects and Equipment Corporation to Export Railway Coaches and wagons

*535. **SHRI HARI VISHNU KAMATH:** Will the Minister of COMMERCE, CIVIL SUPPLIES AND CO-OPERATION be pleased to state:

(a) whether it is a fact that the Projects and Equipment Corporation (PEC) has failed to carry out substantial orders placed by certain foreign countries for railway coaches and wagons in spite of the fact that full advance payments had been made by those countries;

(b) if so, the names of such countries as well as the details of the transactions involved;

(c) the consequent loss to India's public exchequer; and