

## LOK SABHA DEBATES

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### LOK SABHA

Friday, June 9, 1967/Jyestha 19, 1889  
(Saka).

The Lok Sabha met at Eleven of the  
Clock.

[Mr. SPEAKER in the Chair]

Mr. Speaker: Before we take up Questions, I would like to bring to the notice of the hon. Members that a large number of Members have written to me that we are taking too long a time on each Question and too many supplementaries are allowed with the result that a number of important Questions are lost. I think, they have a reasonable complaint—, a number of them have given it in writing—and, therefore, I request that after four or five supplementaries, I may be permitted to go to the next Question. If 30 or 40 Members get up to put supplementaries, it will be difficult for me to go to the next Question. We are losing a number of important Questions.

श्री सिद्धेश्वर ब्रह्मचारी: जिन सदस्यों के नाम हों, कृपया उन्हीं को पूरक प्रश्न पूछने दिया जाये।

Shri Sheo Narain: No, Sir, I don't agree with him. I hope the whole House will agree with me on this point that you may call the first name of the Member to put the Question and allow the whole House to have a free chance to put supplementaries. Every Member of the House is a representative of the country and should have the right to a question.

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Mr. Speaker: A very valuable suggestion.

### ORAL ANSWERS TO QUESTIONS Reserve Bank's Survey of Finances of Companies

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\*391. Shrimati Susela Gopalan:  
Shri Umanath:  
Shri Satya Narayan Singh:  
Shri E. K. Nayanar:

Will the Minister of Industrial Development and Company Affairs be pleased to state:

(a) whether the attention of Government has been drawn to the recent survey of the Reserve Bank on the finances of small public limited companies (1964-65), which pointed out that external sources form 70.5 per cent of the total sources of fund;

(b) whether Government have considered the implications of these findings;

(c) if so, the conclusions thereof; and

(d) the steps Government propose to take to check this trend?

The Minister of State in the Ministry of Industrial Development and Company Affairs (Shri Raghunath Reddi): (a) Yes.

(b) and (c). These findings have no significant policy implications as the study pertains to only one year, viz. 1964-65 and in terms of paid-up capital covers only 26 per cent of small public limited companies. The companies covered are, by and large, trading concerns whose debt equity ratio for 1964-65 has been shown in the study at 1:1.93 which is quite favourable.

(d) The study does not establish any long term untowards trend requiring any steps to be taken in this direction.

**Shrimati Suseela Gopalan:** May I know to what extent the financial agencies, including banks, are exerting influence on the small companies and what steps the Government propose to take to ensure that external resources do not exercise undue influence over these companies?

**Shri Raghunath Reddi:** In the study made by the Reserve Bank, in the Bulletin published in February, 1967, this has been clearly explained. They have divided the resources into two categories, internal resources and external resources. Naturally, the banks come under external resources because they do not include paid-up capital in this. These are: banks Rs. 234 lakhs; statutory financial institutions Rs. 30 lakhs; debentures Rs. 20 lakhs; mortgages Rs. 8 lakhs and others Rs. 66 lakhs . . .

**Mr. Speaker:** She was asking a different question. You are giving the whole history now.

**Shri E. K. Nayanar:** May I know whether (a) it is a fact that in respect of small public limited companies during 1964-65, there has been an increase of 36 per cent in bank borrowing as percentage of external resources and, if so, whether the influence of banks over the small limited companies has grown considerably; (b) whether the Government propose to go deeper into the subject and find out the influence of first ten scheduled banks with a view to assess their grip over the small-scale sector; (c) whether the study of the Company Law Administration shows that the bulk of the surplus generated by the companies is appropriated by the big business; and (d) whether the Government is prepared to study these reports and propose to take stringent measures to curb the activities of the finance capital through banks and other external sources.

The Ministers and Congress leaders talk about social control of banks . . .

**Mr. Speaker:** That is all; this is a Question-Hour. This is not a debate.

**Shri E. K. Nayanar:** I have got the figures for 1964-65: small private limited companies 909, external sources Rs. 727 lakhs, internal sources Rs. 293 lakhs. That is, the banks dominate over the small companies.

**Mr. Speaker:** He can make these in the budget speech.

**Shri E. K. Nayanar:** My question is whether Government will nationalise banks.

The Minister of Industrial Development and Company Affairs (Shri F. A. Ahmed): I think, the hon. Member is confusing the question. The pertinent question. . . .

**Shri E. K. Nayanar:** I want a specific reply to my question.

**Mr. Speaker:** Where is the specific question for him to reply?

**Shri E. K. Nayanar:** My question is whether the Government is aware that banks dominate over small companies. I want a specific reply to my question.

**Mr. Speaker:** He may forget the other portions and reply to this question.

**Shri F. A. Ahmed:** The pertinent question is the question of debt equity ratio. I may inform the hon. Member that so far as the expert view is concerned, the norm is 1 to 2. In this case even the Reserve Bank has found that the ratio is 1 to 1.93 which is not very unfavourable to the norm fixed by experts.

श्री सिद्धेश्वर प्रसाद : श्रीमन् मूल प्रश्न के उत्तर में बताया गया है कि छोटी पब्लिक लिमिटेड कम्पनियों में लगे हुए धन के संबंध में रिजर्व बैंक द्वारा किये गए 1964-65

के अध्ययन से जो यह पता चलता है कि उन का लगभग 70 प्रतिशत धन बैंकों से प्रतिरिक्त बाहरी स्रोतों से आता है वह कोई विन्ता की बात नहीं है। मैं यह जानना चाहता हूँ कि क्या रिजर्व बैंक या भारत सरकार ने इस बात का अध्ययन किया है कि पिछले बीस वर्षों में छोटी पब्लिक लिमिटेड कम्पनियों में लगे हुए धन में से कितना बैंकों से आता है और कितना अन्य स्रोतों से आता है; यदि नहीं तो क्या इस प्रकार का अध्ययन किया जायेगा।

श्री कलशदीन झली ब्रह्मचर्य : यहाँ जो हिसाब दिया है उस से मालूम होता है कि बैंकों से कितना रुपया आता है और बाहर से कितना रुपया कर्ज लिया गया है इस से साफ जाहिर होता है कि जितना रुपया कर्ज लिया गया है उतने ही के डेबिट कर्ज है। कम्पनियों के पास जो इन्वेंटरी है और जो रुपया भदा करना है यानी डट और इन्विन्टी की रेशो को मिला कर देखा जाये, तो पोजीशन फेबरेबिल है।

Shri S. S. Kothari: Is the hon. Minister aware of the fact that most of the small public companies are treated, for tax purposes, as section 104 companies on which the taxes are more than on big public companies? The result is that, on this account most of the profits of these small companies are taken away by taxation and they have to rely on external sources. Would the hon. Minister throw some light on this?

Shri F. A. Ahmed: From what has been examined by the Reserve Bank, it is evident that the balance between the assets and the liabilities either on account of borrowing or on account of external sources is not very much. So I do not think that there is any implication of the trend which the hon. Member has in mind.

Shri S. S. Kothari: I do not agree with him.

Shri Bedabaria Barrataua: A similar survey was made in regard to larger medium companies and it shows that about 58 per cent comes from external sources. In view of the fact that the external sources constitute the savings of the public, may I know whether the Government is considering the question of nationalisation of banking institutions?

Shri F. A. Ahmed: That question does not arise here.

#### Import of Jute

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\*393. Shri Sharda Nand:  
Shri J. B. Singh:  
Shri Ranjit Singh:

Will the Minister of Commerce be pleased to state:

(a) whether it is a fact that a large amount of foreign exchange is spent on the import of jute; and

(b) if so, the steps taken by Government to increase the production of jute in India and the time likely to be taken to be self-sufficient in this regard?

The Minister of Commerce (Shri Dinesh Singh): (a) In view of successive short crops in the country, considerable imports had to be authorised during 1965-66 and 1966-67 so as to provide adequate raw materials to a very important export oriented industry.

(b) It is proposed to raise production of jute and mesta to 110 lakh bales by 1970-71 so as to achieve self-sufficiency. The programmes include double cropping in extensive areas, introduction of high-yielding strains and adoption of intensive cultivation methods. Government have also raised the minimum support price for jute by Rs. 14 per quintal for 1967-68.

श्री झारवानन्द : क्या मंत्री महोदय यह बताने की कृपा करेंगे कि भारत में पटसन की कितनी खपत है और उस में से उन को कितना बाहर से मंगाना पड़ता है ?