

क्या बिरला फर्मों को फोरन्स-करेन्सी में सबसे ज्यादा लोन दिया गया है ? अगर दिया गया है तो बिरला से कुछ वापिस मिला है या नहीं ? यदि न मिला हो तो उन के लोन को इक्विटी में कन्वर्ट कर दिया जायेगा या नहीं ?

SHRI P. C. SETHI : The question is about the names of the major industrial establishments whose loans given by public financial institutions are likely to be converted into equities and I have answered. This supplementary does not arise out of this. If the hon. member tables a separate question, I would certainly give the answer.

श्री देवेन सेन : यह प्रश्न इस लिए पैदा होता है—मैंने पूछा था कि कौन कौन सी फर्मों ने लोन वापस दिया है ? मैं जानना चाहता हूँ कि बिरला को जो लोन मिला है, उस में से उन्होंने कुछ वापस दिया है या नहीं ? इस का जवाब आपको देना चाहिये ।

MR. SPEAKER : He asked about the number, not the details.

SHRI DEVAN SEN : The number and names.

MR. SPEAKER : He asked for the number.

SHRI DEVAN SEN : I do not want the number, but the names.

MR. SPEAKER : Shri S. M. Krishna.

श्री देवेन सेन : बिरला को जो लोन फोरन-एक्सचेंज में दिया गया है, वह वापस मिला है या नहीं ? अगर न मिला हो तो क्या वह इक्विटी में कन्वर्ट होगा या नहीं ।

SHRI S. M. KRISHNA : It has been said that one of the companies Government are likely to take over by means of conversion of loan into equity is the Mandya National Paper Mills Ltd. which happens to be in my constituency. May I know from the Minister, with the colossal mis-

management and bungling which has taken place in this Mandya National Paper Mills,...

MR. SPEAKER : That is a specific question. You can give separate notice of it.

SHRI S. M. KRISHNA : It arises out of the answer given by the Minister. So, I would like to know from the Minister if he has made any enquiries or any investigation into the mismanagement that has taken place in the Mandya National Paper Mills before Government gave the guarantee or the loan ?

SHRI P. C. SETHI : As far as the three companies which I have mentioned are concerned, in the original loan agreement with them it was provided that the management would be enabled to convert the loan into equity shares, and as part of the reconstruction process of the capital of these companies, it is being done in order to improve the conditions of the companies.

MR. SPEAKER : Shri Tulsidas Jadhav. Shri Limaye.

SHRI MADHU LIMAYE : 311.

MR. SPEAKER : We take up both Questions 311 and 312.

Conversion of Loans into Equity Capital

*311. SHRI MADHU LIMAYE : Will the Minister of FINANCE be pleased to state :

(a) whether Government have finalised the Bill for converting Government loans/advances to Companies into equity capital ;

(b) whether Government have obtained reactions of various sections of public opinion to the proposal ; and

(c) when Government intend to introduce the Bill ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI P. C.

SETHI) ; (a) to (c). There are already legal provisions in the Companies Act, 1956, enabling :-

- (i) a financial institution to convert its loans to a company into equity capital, if the terms and conditions of the loan contain an option for such conversion ; and
- (ii) the Central Government to direct, in the public interest, the conversion of Government loans to a company into share capital, even if there was no prior stipulation for such conversion at the time of the grant of the loan.

The Industrial Licensing Policy Inquiry Committee has, however, recommended in its report that when public sector financial assistance on any significant scale is extended to companies in the private sector, the institutions should insist on the whole or part of its loans being made convertible into equity capital of the company, at the option of the institutions and, if necessary, the law should be amended to secure this. The recommendation of the Committee is under the consideration of Government.

Conversion of Loans into Equity Shares

*312. SHRI S. C. SAMANTA : Will the Minister of FINANCE be Pleased to state :

(a) the progress that has been made upto the end of October last in the process of conversion of investments by Government Financial undertakings into shares and when the task will be completed ;

(b) what are the instructions issued to managers and administrators of such undertakings and Government representatives ; and

(c) what are the advantages of such conversion ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI P. C. SETHI) (a) and (b). Presumably the Hon'ble Member has in mind the recommendation of the Industrial Licensing Policy Inquiry Committee regarding the conversion of loans granted by public sector financial institutions to companies in the private sector into equity capital of the assisted company. The recommendation of the Committee is under the consideration of Government.

(c) The terms on which loans are to be converted into equity capital are stipulated in the loan agreement between the financial institution and the company. If on the basis of these terms the dividends declared by the company give a higher yield than the rate of interest on the loan it would be obviously of advantage to the institution to exercise its option for such conversion. The institution will be able to partake in the future capital appreciation on the shares so converted.

श्री मधु लिमये : अगर सरकार की यह नीति है कि सार्वजनिक क्षेत्र का विस्तार किया जाये, तो क्या वजह है कि सरकार तत्काल फ़ंडस नहीं करती है कि जो ऋण सरकारी वित्त संस्था के द्वारा दिया गया है, उसको फ़ंडस अवधि में वह हिस्सों में परिणत कर देगी ?

श्री प्र० चं० सेठी : जहाँ तक सरकारी ऋण का ताल्लुक है, जैसा कि मैंने बताया है, कानून में अब भी यह प्रावधान है कि सरकारी ऋण को शेयर्स में कनवर्ट किया जा सकता है। मुख्य सवाल यह है कि इंडस्ट्रियल फ़िनांस कारपोरेशन आदि संस्थाओं के द्वारा जो लोन दिया गया है, वह परिवर्तित किया जा सकता है या नहीं। मैंने बताया है कि उस के बारे में जो रिपोर्ट आई है, वह सरकार के विचाराधीन है और सरकार उस पर शीघ्र ही फ़ंडस करेगी।

श्री मधु लिमये : लेकिन सरकार फ़ंडस