PARLIAMENTARY DEBATES
RAJYA SABHA
OFFICIAL REPORT
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RAJYA SABHA

Tuesday, the 27th December, 2011/6 Pausa, 1933 (Saka)

The House met at eleven of the clock,

MR. CHAIRMAN in the Chair.

11.00 A.M.

MEMBER SWORN

SHRI PANKAJ BORA (Assam)

मंत्री नरेश चन्द्र अग्रवाल (उत्तर प्रदेश ) : माननीय सभापति जी, ...(व्यवधान )...

MR. CHAIRMAN: Just a minute, please. ...(Interruptions)...

PAPERS LAID ON THE TABLE

Report and Accounts (2010-11) of the EIC and its Export Inspection Agencies,

New Delhi, NPC, New Delhi and related papers

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI JYOTIRADITYA MADHAVRAO SCINDIA: Sir, I lay on the Table, a copy each (in English and Hindi) of the following papers:—

(i) (a) Annual Report of the Export Inspection Council of India (EIC),
and it's Export Inspection Agencies (EIAs), New Delhi, for the year 2010-11.

(b) Annual Accounts of the Export Inspection Council of India (EIC) and it's Export Inspection Agencies (EIAs), New Delhi, for the year 2010-11, and the Audit Report thereon.

(c) Review by Government on the working of the above Council and Agencies.

[Placed in Library. See No. L.T. 6098/15/11]
(ii) (a) Annual Report and Accounts of the National Productivity Council (NPC), New Delhi, for the year 2010-11, together with the Auditor’s Report on the Accounts.

(b) Statement by Government accepting the above Report.

[Placed in Library. See No. L.T. 6099/15/11]
MR. CHAIRMAN: There is no Zero Hour today.

MR. CHAIRMAN: There is no Zero Hour today, Mr. Baishya.

SHRI BIRENDRA PRASAD BAISHYA (Assam): Sir, I want to raise a very important issue... (Interruptions)...

SHRI JYOTIRADITYA MADHAVRAO SCINDIA: Sir, I have already laid.

MR. CHAIRMAN: Okay. Shri Rajiv Shukla. (Interruptions)...

Papers to be laid. Shri Scindia.

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI RAJEEV SHUKLA): Sir, on behalf of Shrimati D. Purandeswari, I lay on the Table, a copy each (in English and Hindi) of the following papers:

(a) Annual Report and Accounts of the All India Council for Technical Education (AICTE), New Delhi, for the year 2010-11, together with the Auditor’s Report on the Accounts.

(b) Review by Government on the working of the above Council.

[Placed in Library. See No. L.T. 6082/15/11]

MESSAGE FROM LOK SABHA

The Constitution (One Hundred and Eleventh Amendment) Bill, 2009

SECRETARY-GENERAL: Sir, I have to report to the House the following message received from the Lok Sabha, signed by the Secretary-General of the Lok Sabha:-
“In accordance with the provisions of rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose the Constitution (One Hundred and Eleventh Amendment) Bill, 2009, which has been passed by Lok Sabha at its sitting held on the 22nd December, 2011, in accordance with the provisions of article 368 of the Constitution of India.”

REPORT OF COMMITTEE ON THE WELFARE OF SCHEDULED CASTES AND SCHEDULED TRIBES

SHRI JABIR HUSAIN (Bihar): Sir, I lay on the Table, a copy each (in English and Hindi) of the Eighteenth Report of the Committee on the Welfare of Scheduled Castes and Scheduled Tribes on the Ministry of Railways (Railway Board) on Action taken by the Government on the recommendations contained in the Twenty-eighth Report (Fourteenth Lok Sabha) on “Reservation for and employment of Scheduled Castes and Scheduled Tribes in Southern Railway”.

RULING BY THE CHAIR

Notices of statutory Motions given on 22nd December, 2011 concerning Airports Authority of India (Major Airports) Development Fees Rules, 2011

MR. CHAIRMAN: Hon. Members, on last Thursday, the 22nd December, 2011, Shri K.N. Balagopal had raised the matter regarding the notices of motions given by him to amend the Airports Authority of India (Major Airports) Development Fee Rules, 2011. The Chair had assured him ‘that it shall be examined’.

The matter has been examined, the notices with reference to relevant rules and procedures, and the Chair would like to inform the House that those notices have not lapsed. They will be listed accordingly.

SHRI K.N. BALAGOPAL (Kerala): Thank you, Sir.

श्री तरुण विजय (उत्तराखंड ) : माननीय सभापति जी, ...

MR. CHAIRMAN: Please sit down. ...(Interruptions)... Clarifications on Statement by Minister. ...(Interruptions)...

CLARIFICATIONS ON THE STATEMENT BY MINISTER
Re: The United Nation’s climate change conference in Durban

THE MINISTER OF STATE OF THE MINISTRY OF ENVIRONMENT AND FORESTS
(SHRIMATI JAYANTHI NATARAJAN): Sir, I have already made the Statement. ...

...(Interruptions)...
SHRI BIRENDRA PRASAD BAISHYA (Assam): Sir, I want to raise an issue... (Interruptions)... concerning police firing and lathi charge in Assam. ... (Interruptions)...

श्री समापति: आप बैठ जाइए। ... (व्यवधान) ... आप बैठ जाइए, पुलिज।

We don’t have a Zero Hour today. ... (Interruptions)...

SHRI M. VENKAIAH NAIDU (Karnataka): Sir, please allow..... (Interruptions)...

MR. CHAIRMAN: I would request the senior Members to... (Interruptions) ... पुलिज, आप बैठ जाइए। Yes, hon. Minister.

SHRIMATI JAYANTHI NATARAJAN: Sir, should I read the Statement again? ... (Interruptions) ... Sir, I have already laid the statement on the Table of the House. ... (Interruptions)...

MR. CHAIRMAN: Please. ... (Interruptions) ... Let me call the speakers on this. Shri Arun Jaitley. ... (Interruptions)...

पूरे . राम गोपाल यादव (उत्तर पुर्देश): कल्लूँ संप्रदाय मंजी के यह आपराधिक, उनके status के अनुचित नहीं है। ... (व्यवधान) ... यह नहीं, नदिमीय है। मैं आपसे चाहूँगा ... (व्यवधान) ...

MR. CHAIRMAN: No. I am afraid not. ... (Interruptions) ... I have called the Leader of the Opposition. ... (Interruptions)...

पूरे . राम गोपाल यादव : *

श्री समापति: पुलिज, आप बैठ जाइए ... (व्यवधान) ... This is not going on record. ... (Interruptions) ... This is not going on record. ... (Interruptions)...

पूरे . राम गोपाल यादव : *

SHRI BIRENDRA PRASAD BAISHYA: *

MR. CHAIRMAN: Ram Gopalji, please. ... (Interruptions) ... I am sorry. ... (Interruptions) ... Mr. Baishya, please. ... (Interruptions) ... मंत्री दैश्य, पुलिज, आप बैठ जाइए ... (व्यवधान) ...

श्री नरेश चन्द्र अग्रवाल : *

MR. CHAIRMAN: नहीं, यह रचित नहीं होगा, what is not permitted, will not be recorded. Please. ... (Interruptions)...)
श्री नरेश चन्द्र अग्रवाल : *
श्री अली अनवर अंसारी : *
पूंरो. राम गोपाल यादव : *

*Not recorded.
MR. CHAIRMAN: Ram Gopalji, please. ...(Interruptions)... No. Please. ...(Interruptions)...

SHRI BIRENDRA PRASAD BAISHYA: *

श्री समापति : मम्तिर वैश्य, पुलीज, आप बैठ जाइए...(व्यवधान )... None of this is going on record. ...(Interruptions) Please allow the Leader of the Opposition to speak. ...(Interruptions)...

SHRI BIRENDRA PRASAD BAISHYA: *

MR. CHAIRMAN: Please allow the Leader of the Opposition to speak. ...(Interruptions) Please. ...(Interruptions)...

पु: रो. राम गोपाल यादव : *

श्री समापति : पुलीज, आप लोग बैठ जाइए...(व्यवधान )... राम गोपाल जी, पुलीज, बैठ जाइए ...(व्यवधान )... नरेश जी, बैठ जाइए, पुलीज ...(व्यवधान )... बैठ जाइए, पुलीज ...(व्यवधान )... श्री बीरेन्द्र परसाद वैश्य : *

श्री नरेश चन्द्र अग्रवाल : *

श्री समापति : नरेश जी, पुलीज, आप बैठ जाइए...(व्यवधान )... No. I am afraid not. ...(Interruptions) Please allow the Leader of the Opposition to speak. ...(Interruptions) बैठ जाइए, पुलीज ...(व्यवधान )... आप लोग क्यों बसिए जरूरत...(व्यवधान )... None of this is going on record. ...(Interruptions) नरेश जी, बैठ जाइए, पुलीज ...(व्यवधान )...

SHRI BIRENDRA PRASAD BAISHYA: *

MR. CHAIRMAN: Please. ...(Interruptions)... We have a serious discussion. Please resume your places. ...(Interruptions)... I can’t permit that. ...(Interruptions)... Please resume your seat. ...(Interruptions)... Yes, hon. Leader of the Opposition.

THE LEADER OF THE OPPOSITION (SHRI ARUN JAITLEY): Sir, we have had the benefit of a statement made on 16th December by the hon. Minister for Environment and Forests. I rise to seek a few clarifications.

Sir, when the hon. Minister assumed charge of the Ministry and the kind of statements which came from her I felt very reassured and it appeared that she was restoring the direction back as regards the
deviation in the Government of India’s position which was visible in the last two years and India was coming back to its traditional position. Her opening statement and her subsequent intervention at the Durban Conference was also welcomed by the most developing countries, the BASIC countries, and I acknowledge that fact. However, at Copenhagen two years ago, there was a deviation in the draft that took place from the traditional positions which

*Not recorded.
were there. There were some indications coming that the Government of India was no longer interested in having a coordination of BASIC nations. The draft itself indicated that the Kyoto Declaration was being substantially abandoned and a new set of criterion was brought in. For various developing countries there would be international verification of even unsupported actions and when we use the phrase in the declaration that “non-Annexure-I parties”, which included India, “to the Convention will implement mitigation actions”, the words “will implement” indicated that we were moving in the direction of legally binding commitments. The hon. Minister categorically told the Durban Conference, and I am quoting from here statement, “They can’t be expected to be legally bound to reduce emissions when they have practically no emissions”. That is because our per capita emission level is 1.7 tonnes a year, which is a miniscule percentage of what the developed countries have been doing. Notwithstanding this basic approach, what appears is that the final declaration does not live up to that expectation. I am given to understand that the Conference at Durban got extended by two days; people were sitting across the night; most Ministers, who had their bookings, and delegations were flying out of Durban and a short declaration giving what the Durban Conference decided, has, thereafter, come about. Now in the drafting it appears that despite the best of intentions, the devil is always in the details, somewhere we seem to have been out weighted. That is the limited concern that I have.

There are two basic points which I would like to raise in regard to this. The first is in relation to the fact that our developing countries like India and other basic nations now are going to be legally bound after the Durban Declaration in terms of making our commitment to reduce our emissions. I say this because our consistent position has been that whatever carbon intensity we reduce will be of our own option. If it is by unsupported actions, it will be our domestic affair; if it is by supported actions, it will be open to some kind of international checks and verification on that issue. But when I read the language — here I am reading the language of paragraph 2 of the Declaration — this differs from the phrase that India suggested. The phrase that India suggested consistently has been that
we are not legally bound. I am quoting from para 2, which says, “Also decides to launch a process to develop a protocol, another legal instrument or an agreed outcome with legal force under the convention applicable to all parties”. Now the phrase ‘agreed outcome with legal force under the convention applicable to all parties’, clearly indicates that we are now squarely moving towards a legally binding commitment. To reinterpret the phrase, ‘agreed outcome with legal force under the convention applicable to all parties’, that we are still not legally bound, I think we may have a lot of difficulty as far as the future is concerned. My query on this is — because it is a short Declaration, I don’t have many detailed queries — how does the hon. Minister read this? Does this phrase not dilute India’s conventional position?
The second is, consistently, in all our documents and all earlier
documents, we have been speaking in terms of including equity as a
criterion. The hon. Minister also suggested this very strongly. We
have been suggesting repeatedly that there will be common but
differential treatment as far as the approach to the developing
countries is concerned. The developed countries want that larger
developing countries like China, India, South Africa and Brazil must
now have the same kind of norms which the developed world has. Now
these two criteria which we have consistently insisted, I find from
all the earlier declarations, these were
consistently there. Even in the Copenhagen document, the phrase was
‘common but differentiated responsibilities’. In Cancun, the phrase
was ‘on the basis of equity and in accordance with common but
differentiated responsibilities’. In the Bali Action Plan, these
phrases were very clearly used. I now find that these two important
criteria
are completely absent as far as the Durban Declaration is concerned. Now
this may again dilute our position for the future because when these
negotiations go on and criteria are fixed and obligations are fixed on
parties, the moment we are confronted with a situation that there will
be an agreed outcome with legal force, that is, legally binding, there
is no reference in the document to ‘equity’ and ‘common but
differentiated responsibilities’. Are we, therefore, walking into a
very dangerous trap? That is a question that I wish to pose to the
hon. Minister. Thank you.

SHRI H.K. DUAI (Nominated): Sir, I just have a couple of small
queries from the hon. Minister. The hon. Minister has done an
admirable job in Durban, in our Delegation, by putting the question of
equity also at the centre-stage. I would like to seek certain
clarifications from the hon. Minister. In the Minister’s statement,
there is reference about the decision to establish the Green Climate
Fund. I would like to know as to what the size of this Fund is going
to be. I would like to know whether the Western countries,
particularly, the U.S. and Europe, — they are concerned about the
climate change more than anybody else, but they are undergoing serious
economic problems — are going to commit some sizeable amount for this
Green Climate Fund? My second clarification is this. India and China had been co-operating in the previous rounds. I would like to know whether they co-operated at Durban as well and how she is visualizing the future co-operation between India and China on this question. I am seeking this clarification because there were reports that, lately, the Chinese have diluted the idea of co-operating with India on climate change. Thank you.

SHRI D. RAJA (Tamil Nadu): Sir, the Minister has made a very detailed statement. According to the statement, the Government claims that the principle of equity has been preserved in the international climate change negotiations, and that India’s right to develop has been safeguarded. It is being said that rich countries are being forced to bear their historic
responsibility. On an earlier occasion, I did say that according to
the directives of nature, there should be a balance between land,
water, air and people. But this balance has been jeopardized,
historically, by developed nations, industrialized nations. What is
the historic responsibility that these nations are going to take up
now? Secondly, nothing final has, actually, been agreed upon at
Durban, if I understand the statement properly. All that has been
agreed is that a new instrument will be decided upon by 2015. This
will, then, be implemented by 2020. As such, everything that was
decided at Durban can easily be renegotiated next year and the years
after, until 2015. The vague language of equity and sustainable
development in this year's agreement, therefore, to me, is shallow and
meaningless. The Government also claims that the Kyoto Protocol, which
binds the rich countries to emission reduction, has been extended. But
this is merely a talk, according to the statement. What value does
such a re-commitment to this Protocol have, and who will take it
seriously when a new agreement is to be negotiated by 2015? Here, I
would like to know as to what the stand of the United States of
America is as far as the Kyoto Protocol is concerned. Moreover, the
U.S. is yet to ratify the Kyoto Protocol. Sir, I would like to know
about one more issue which the hon. Member, Shri Dua, has also raised,
and that is, regarding the Green Climate Fund to pay for mitigation
and adaptation in the vulnerable countries of the world. Now what is
the amount to be invested in this Fund? As he has pointed out, the
Western countries, including the U.S., have said that due to recession
they cannot pay for the Green Climate Fund. So, what will be India’s
approach to this? Finally, Sir, what about co-operation, not only
between India and China, but also amongst the least developed
countries? There is a feeling that the least developed countries are
neglected and let down in the whole negotiations. India, being a
developing country, should have sympathy for the least developed
countries. How do we plan to evolve a better co-operation even amongst
the least developed countries?

SHRI TIRUCHI SIVA (Tamil Nadu): Sir, we congratulate the Minister
for having taken up the cause of the nation at the Durban Conference.
It is a fact that all countries have to share the burden of environmental preservation. However, different countries have historically contributed unequal amounts of emissions. Therefore, all countries should not have to contribute the same amount to redress the current situation. For example, China has one of the highest emission levels; 23.7 per cent of the total emission is that of China. So also, as far as per capita emission is concerned, in the case of USA, it is 16.9; in the case of Russia, it is 10.8; in the case of Japan, it is 8.58; whereas, in the case of India, the total emission is only 5.5 per cent and India’s per capita emission is 1.37 per cent. Now, it is true that India was unwilling to commit to legally binding targets for future arrangements by 2020. India’s official stance on climate change was,
“It cannot agree to a legally binding agreement for reducing emissions at this stage of development. Its emissions are bound to grow in order to ensure its socio-economic development”.

Sir, I would like to know from the Minister the kinds of legal fonts that India is willing to accept. The melting of the Himalayan glaciers could lead to floods and erosions in the short term and water shortages, droughts and land degradation in the long term. Sir, according to the Indian Council of Agricultural Research and the IPCC, "Increase in average global temperature will reduce yields of foodgrains such as wheat and rice. A one degree Celsius increase in temperature may reduce yields of wheat, soyabean, mustard, groundnut and potato by 3.7 per cent". So, India has taken some measures. Mainly, India has announced a domestic emissions intensity reduction target of 20 to 25 per cent below 2005 levels by 2020. Has it started working? If so, what are the results?

SHRI N.K. SINGH (Bihar): Sir, first of all, I would also like to join others in complimenting the Minister on, certainly, three important positive outcomes. The first, of course, is the concept of agreed outcome with legal force which, I believe, was the concept which was put forward strongly by India and which later gained international acceptance. The second is that the entire clean development mechanism is on a surer footing post Durban Declaration than it was earlier. The third, of course, is what is evident from her own statement that post 2020 whatever arrangement comes into play will have the advantage of bringing the United States, Canada and others who are outside the ambit of the Kyoto arrangement in its fold. We should, certainly, therefore, regard these three apart from the reiteration of the principles of equity, but common differentiated responsibility, to be important positive gains from Durban in putting us back on track from where we seem to have somewhat deviated.

Having said this, Sir, I have four questions to ask. First, in your own statement, you have mentioned about the principle of equity. What does this principle of equity imply? How is this principle of equity to be articulated, not in the style of a college debate, perhaps, but in a style which will have international credence? Most of the
environmental space available has already been taken over by the developed countries. So, little space is now available for countries which are coming into play with a new development matrix. Therefore, is the principle of equity implying that this space occupied by them will be vacated, which in some ways looks to be an enormous task both in technological and other terms? Are we saying that in the limited space which is now available in the atmosphere, we would really have a much higher proportion considering that we are beginning from a very low threshold of development and in terms of the carbon footprint? And that as part of the penalty that they pay for not vacating the space already occupied by
them, the cost of adaptation which the developing countries will have to bear, will have to be substantially borne by them. I would like the Minister to clarify how she believes that the principle of equity will be articulated in the dynamics of the subsequent negotiations which are ahead of us.

The second clarification that I seek is that on the articulation of the Green Climate Fund on which other speakers have already spoken. My concern, hon. Minister, is simply this—that the loose figure of 100 billion dollars has now been talked about for quite some years. But, what is unfortunate, is that in the reckoning of what constitutes 100 billion dollars, the private investments are really being counted as part of the 100 billion dollars. If that is so, clearly, then the private investments would take place irrespective of whether you have an arrangement or not; therefore, the contours of the 100 billion dollars Green Climate Fund needs to be articulated.

The third clarification that I seek is, very quickly, that we should not be forgetting certainty and predictability for investments to be made in low carbon intensive technology; what market and private operators seek is a greater predictability in the policies that are likely to be evolved. So, what kind of signal the Minister believes she will be sending to markets which will enable greater investment in R&D, to go into low carbon intensive technology, with a greater degree of predictability?

Finally, Sir, it would be nice to hear from the Minister her thoughts on how she sees the future course of action evolving in the course of the next few years.

Thank you, Sir.

SHRI D. BANDYOPADHYAY (West Bengal): Sir, I rise to applaud the Minister for the principled stand that she has taken on India’s position in the Conference. Sir, the North has lost its empire; but, it has not lost its mindset. The hegemonistic mindset of the North still governs them and they are trying to impose it on us. The fact is, they are polluting the whole of the atmosphere and we are supposed to pay the penalty for the sins they have committed! My very short point is, and it has already
been mentioned by the earlier speakers, we are going to have a Green Climate Fund. Good. Now, what would be the basis of funding? Will that be on the basis of proportion of emissions that other countries are doing? Or, is it on the principle in which we make our contribution in the U.N. system? According to me, we are not emitting much into the atmosphere; we should be paying nothing but get something out of the Fund. Those who are fouling the whole atmosphere should pay in proportion to the emission that they do.

Thank you, Sir.
SHRI SITARAM YECHURY (West Bengal): Sir, thank you for the opportunity. I have six points on which I seek clarifications from the hon. Minister. Before that, I would begin with two points that are raised by my esteemed colleagues—one by Shri Thiruchi Siva. Needless to add, Sir, the gravity of the situation of discussions and negotiations on the Climate Change have a very direct bearing on the life and livelihood conditions for millions of our people in India. He has given certain instances—the meltdown of the glaciers of the Himalayas. But, I remember, Sir, just a couple of years ago the shifting of the course of river Kosi. Millions have been uprooted; tens of thousands lost their lives and tens of millions actually had to find new alternative ways of their livelihood. Okay, there are disputes whether this happened because of climate change or not, but this is the sort of impact it will have on India. Therefore, we will have to be, I think, more serious about these negotiations than we are, Sir.

The second point is what Shri H.K. Dua and my friend, Shri N.K. Singh has raised on the question of transfer of funds, and the likelihood of this not happening because of the global crisis and the likelihood of this not happening because of reliance on private investments. All that apart, there was another commitment on which the Statement is silent, and that is the commitment for transfer of greenhouse technologies. The transfer of greenhouse technologies without the condition of intellectual property rights, without the condition of IPR royalties was the commitment that the developed countries had made during the time of Kyoto, and Bali, if I recollect correctly, but that is somehow off the radar at the moment. Now, we would also like to know what is the status on that.

Now, apart from these two points, Sir, I have six points, and my first point concerns the framework of the Durban platform. The Durban platform talks in terms of a single framework for all countries. Now, this, in my opinion, goes contrary to the entire concept of what we have been talking of—what others have also referred—what is called the CBDR, i.e., Common But Differentiated Responsibility. In Copenhagen, very surreptitiously, I think, not so cleverly, President
Obama had termed CBDR, not as Common But Differentiated Responsibility, but had termed it as Common But Differentiated Responses. The moment you talk in terms of responses and not in terms of responsibilities, you move from the concept of a dual framework into a single framework. I think, this is what has materialised in Durban. In which case, I hope, I am wrong, I want to be wrong because what you have stated in your own framework is this. Therefore, my second clarification is that we have always stuck to a two-track negotiations. Now, with this single framework, does it mean that we are abandoning this two-track negotiations, and gone back to the single track? If that is the case, then, I think, this has very serious implications for us, and, I think, there should be a serious rethink about this.
Sir, my third clarification is with regard to the Kyoto Protocol. Now, virtually, what I can understand from the Minister's Statement also is that the Kyoto Protocol, though not formally abandoned, now has remained a mere shadow. The USA has never been part of it; it has never identified it. Canada has virtually walked out of it. Russia and Japan have declared that they are undecided. Sir, now the Kyoto represents only 15 per cent of global emissions. The Kyoto Protocol has been reduced to just 15 per cent of your global emissions. So, it really does not make any sense talking in terms of Kyoto Protocol unless we are thinking in terms of a newer framework, in terms of talking of equity, which the Minister's Statement itself says, and I quote from the hon. Minister's Statement. It says, "Our stand in these matters has always been based on equity and principle of common but differentiated responsibility". This is on page 2, paragraph 1. Now, if equity is the centre stage, how do we define equity? According to my understanding, equity means that there should be equality of per-capita carbon space for entire humanity. Now, every human being on this world will have to be entitled to an equal per-capita carbon space. Now, my friend, Shri Tiruchi Siva has quoted some differential figures between USA and others. I think, the figures are much worse than what he has quoted. I mean, the per-capita carbon emission in the USA is 20 times more than the per-capita carbon emission in India. Maybe, it is 19.8 times, Sir, I do not mind that. But the point is, that is a differential. ...(Interruptions) That is the differential. Now, if that is the case, how are we going to achieve this equity? If this equity is to be achieved, you have to stick to the dual track negotiations; you have to stick to CBDR as 'Differentiated Responsibilities' and not as 'Differentiated Responses' in a single framework. Is that commitment there with the Government, and that is what we would like to know from the hon. Minister because we are a little worried about what the Minister herself said in page 4 of her Statement. Sir, this is my fifth clarification. What the Minister herself in her statement on page 4 has said is that we have decided to decrease our carbon
emission output by 20 to 25 per cent by 2020 in comparison with 2005 level. Then it further goes to say and I quote, Sir, “We will meet our domestic goal as a part of implementation of Twelfth Five Year Plan.” Now, if this is the commitment we have already made, I have very serious doubts about these voluntary pledges. That means we have accepted, in fact, the single track negotiations, we have accepted that CBDR means ‘differentiated responses’ not ‘differentiated responsibilities’ and we have accepted the fact that we will voluntarily reduce our emission which, I think, is an extremely dangerous step for India to take at this moment because, Sir, as we all know, the hon. Prime Minister is on record a number of times saying that for us energy is important to eradicate poverty. Now about 50 per cent of our households do not have a direct
electricity connection. Sir, 78 per cent of Indians do not have access to scientific sanitary conditions. Now to provide them with all this and eliminate poverty in India, I require energy. Now if we are going to voluntarily reduce our energy subventions/submissions in terms of some pledges for which there is nothing forthcoming from the other side, then, I think, Sir, there is no reciprocation in this and we are just surrendering ourselves which, I think, is very, very dangerous for India. Therefore, I think it is a matter of very serious gravity for which it is not only a question of international negotiations but it is a question of India’s future. Therefore, this matter has to be taken seriously and that commitment has to be given by this Government or any Government in the future that we will respond only in reciprocation. We will not respond voluntarily and we will respond only in reciprocation. If you are today violating with impunity what you have agreed to in Kyoto and you have gone beyond the carbon emission levels of what you yourselves accepted in Kyoto, then, we have no obligation to accept those limits or voluntarily declare our reduction levels. Therefore, Sir, in this the next point is, what is the diplomacy that we have worked out at Durban? Before Durban and Copenhagen, you had the BASIC. Before that you had our unity with the G-77 countries. We found between Copenhagen, Cancun and Durban that the least developed countries and island countries are drifting away. Now you have many of the developing countries drifting away. The BASIC itself looks like disintegrated. Now, what is the diplomatic approach of this Government of India? Who are the allies on the basis of which we are going to move on this issue? There, Sir, I urge the Government to seriously rethink and restart the process of our unity with G-77 because that is the basic unity that India has inherited as a legacy. India’s pride in the world has been as a leader of the world of developing countries. We have taken the initiative in the world for Afro-Asian Conference, we have taken initiative for the Non-Aligned Movement and in climate change this initiative must be wrested back by India to say that we will lead the developing countries in this fight for equitable global climate. So, finally, Sir, one assurance that I
think will have to be given by the Minister though I agree with her, with the Government, when she says that there is no commitment in Durban for us to reduce our emission immediately. Correct, good! But this non-reduction of emission immediately is suffixed by a phrase which says that we will make our submissions in February. Now, we do not have to reduce it immediately and neither are we bound to reduce it. Why do we have to make our submissions in February? About those submission in February, I beseech this Government in the interest of India and its people and, through you, Sir, I think, on behalf of this entire House, we should not make our commitments or any submissions till we find the reciprocity on the basis of the developed countries that you first come. If they are not willing to
put in their commitments, there is no need for India to make these commitments in February. That is the assurance that the hon. Minister needs to be given to this House. Otherwise, I think, we shall be bartering away the future of our country and our people and this is something which we cannot afford and this is something that is not acceptable.

So, I request the hon. Minister to give these assurances to this House. Thank you.

SHRI PRAKASH JAVADEKAR (Maharashtra): Sir, I must compliment Smt. Jayanthi Natarajan, because she is representing India in Durban, as a Minister, for entirely a different cause. I was there for two days and witnessed the anxious moments of all international lobbies and international pressures. But, beyond the international pressures, there were also internal pressures on her. Messages coming from her own colleagues saying, 'Don’t get isolated, don’t get isolated.' But, still, she withstood those pressures. So, I compliment her for that.

The issue has correctly put in by Shri Sitaram Yechury and my clarifications are in a different format. Sir, this time we have been saved, because China stood with us, partially. Brazil and South Africa have really turned against and have accepted the 'legally binding emission cuts' and they want that every country to accept the 'legally binding emission cuts.' So, my first clarification is: Are we going to revamp our whole diplomatic lobbying and negotiation capabilities? When the IPCC Report will be out and also the Bali Action Plan Compliance Report in 2015, there will be the tough period for negotiations in the coming three years. But, the problem is that we have really no capabilities to negotiations at the international level. Some of our officers are good and some negotiators are good. But we must revamp and augment our capabilities in this regard. So, I would like to know the roadmap prepared by the hon. Minister for this purpose.

The second one is, I share the views of my other colleagues in the House that unless US and Canada does something concrete, others doing something or anything means nothing. That is the issue. So, Sir, we
have to build pressure on the US, Canada and others who are not part of the Kyoto.

Now, I come to the Green Fund. It has been talked about for creation of a Fund to the tune of US $ 100 billion for many years. But, nothing has come. Even the IPR issues have not been solved. So, my second clarification is: Whether there is a shipment tax or some trade tax on Indian and Chinese exports being agreed in Durban or does it flow from the Durban statement that we will be taxed on these which will hamper our exports and adversely affect our interest and beneficial to the developed world. It is because they have the technologies and they will be getting profits but we will be at the receiving end.
The last but not the least is relating to the Carbon Credits in trade. We must take position on this. If we are really serious about reducing the Green House gas emissions, then we cannot allow some countries to just purchase Green Credits and do business as usual without changing their life style. So, on that, I would like to know what we are going to do. Thank you.

SHRI V.P. SINGH BADNORE (Rajasthan): Sir, I would like to ask the hon. Minister that if you look at the reality in India, you all know that there are hundreds of thousands of villages which are unelectrified. If you look at the 2005 level of emissions, what we have is the emissions from the coal-based power plants.

In 2005, we were at the level of 1 lakh megawatt only. We have got at the level of 1,80,000 megawatt today. We need another 2-3 lakh megawatt power. And, you are saying that you are going to reduce it to the levels of 2005. How is it possible even with the supercritical technology that we can develop or get, which we are talking about because the BHEL does not have that so far? How are we going to do it?

Number two, from the Kyoto Protocol to Bali and run up to Durban, I have also been internationally a part of the negotiations at different levels. Everybody has been talking about that unless the US comes on board, nothing will really come out because they have not only been a participant but a spectator and they have really been lobbying for a different reason. What was the US’ thinking and what was your thinking and what did Durban think of this? Have they really come on board or is it just because they are a part of the UN Convention that they are on board? Talking about the funds, the commitments and the reduction in the emission levels, what did you think of the US, now that the Canada has also joined them?

THE MINISTER OF STATE OF THE MINISTRY OF ENVIRONMENT AND FORESTS (SHRIMATI JAYANTHI NATARAJAN): Mr. Chairman, Sir, I would like to thank all the hon. Members of the House for the very important issues that they have raised. I am aware that this issue of climate change is something that has resonance for every single Indian from the poorest, the most vulnerable and the most disadvantaged to the captains of Industry at every level, with the most vulnerable and the most
disadvantaged citizens of our country being the most vulnerable to the
effects of climate change in terms of change in weather, in terms of
change in weather patterns, in terms of floods, in terms of droughts.
So, it is something that is not merely a Conference, it is something that is at the very
foundation of not only our economy, but also of human rights issues.
Of course, there are issues where there have been sharp differences of
opinion, sharp critics in the House on the policies adopted. I am only
talking, by and large, of a general consensus in the country that the
economy of our country must be protected that the poorest and the most
disadvantaged people of our country must be
protected. India is not historically responsible for emissions and the emissions that have happened for over 150 years, and are still swelling around, have been created by other countries. India, with a vast population and with a very small footprint, should make sure that our development does not suffer. On this, there has been political and other consensuses across the country. Therefore, I understand the anxiety of the hon. Members. I would endeavour to address all the concerns that they have raised. It is in this way that I said that there has been a widespread consensus in the country to the extent that I mentioned.

Sir, I went to Durban with a specific mandate from the Prime Minister and the Cabinet. That mandate covered the issues, which I spoke about just now, that is, we should not accept legally binding emission cuts so that our economy and our population are completely protected. I do agree with Mr. Yechury that the Kyoto Protocol emissions are only 15 per cent. However, the Kyoto Protocol remains the single Protocol that the country has signed up.

Therefore, the important mandate at Durban was the extension of the second commitment period of the Kyoto Protocol. Of course, the USA is out of it. Of course, we insisted and argued very passionately that the United States and other countries which have not signed on should take comparable mitigation targets with Kyoto Protocol. Sir, I would venture to say that as a result of the discussions at Durban, for the first time, the United States was part of these discussions. The USA participated in these discussions. So, to that extent, we have taken a baby step forward. Sir, the first part of the mandate given to me, I venture to speak, by the people of this country was that there should be an extension of the second commitment period of the Kyoto Protocol.

[MR. DEPUTY CHAIRMAN in the Chair]

I venture to say that we succeeded in obtaining that despite tremendous discussions, despite tremendous pressure, without agreeing to a legally-binding agreement and with the inclusion of equity. The hon. Leader of the Opposition very rightly — with respect, I mention — mentioned the important issues of equity and CBDR. Before going on to
explain to the House how we, actually, achieved those, Sir, I would like to place on record the pressure, especially, when all the Kyoto Protocol countries were fighting for a legally binding agreement to come into place if they were to extend this. They were using it as quid pro quo. They said, “We will extend as a quid pro quo for the extension of the second commitment period only if you take legally binding emission cuts, only if what they call major emitters – developing countries like India and China – also agree to come on board in a single framework” something that we stoutly resisted. Tremendous pressure was there upon developing countries. In the absolutely intense discussions, the devil was in the details. Before I say anything further, I would like to place on
record, Sir, that not only was my mandate from the Cabinet extremely clear but with the tremendous work – this was a political mandate that I was expressing – that had been done by all our officers from various Departments, from my own Ministry of Environment and Forests, from the Ministry of External Affairs, from the Ministry of Power, from all the Ministries of the Government which went to every single meeting and put forward India’s position – I would like to state with utmost pride, Sir, that our efforts through all our negotiators who represented India at every single forum – we came out successfully. We came out with the best results possible, perhaps, not the perfect result and, certainly, no adverse results at all.

Sir, I would like to straightaway go to what the Leader of the Opposition said. Are we going to be legally bound? Are we going towards a legally-binding agreement? No, Sir; we are not. Sir, the first two words that the Leader of the Opposition read out were: Article 2 of the Durban Platform for Enhanced Action also decides to launch a process to develop a protocol, another illegal instrument. We had brought in the words ‘legal outcome’ in the text which were vehemently resisted by the European Union, because they knew that the word ‘legal outcome’ is something that means it is not a Treaty. It is not something that is legally binding. It is not binding in any way. The tremendous resistance was what led to two days of discussions and arguments. It found a place in the text and it was very clear that the European Union and the USA knew that it meant that it was not a legally-binding agreement. Therefore, they refused virtually. The Conference was meant to end on Friday evening at six o’clock. It continued the whole of Friday night and on Saturday night, when it looked like that the Conference would collapse, at which point, Sir, we broke up and they asked India to discuss it with the European Union. Then, our delegation came up with the Bali language. I refer to Bali language because the Bali language is the most important language that defines climate change negotiations in favour of developing countries. Therefore, we came up with a phrase ‘Agreed outcome with legal force’. So, it has to be an
agreed outcome. If we don’t agree, it is not an outcome.

It is an option that we can press forward for. It has to be an ‘agreed outcome.’ It’s an outcome; it’s not a treaty; it’s not something that we have to ratify; it’s an outcome. The words, ‘with legal force’ can mean anything, Sir. It can mean, ‘passed by the Indian Parliament’; it can mean ‘delegated legislation.’ If the Parliament of India does not agree, it will not be binding upon us, and, first of all, it has to be an ‘agreed outcome.’ So, to address the first apprehension of the hon. Leader of the Opposition, I would like to say that this is an option which was inserted at the insistence of India which was met with tremendous pressure and opposition from every other
country, and here I would like to address straightway another question, Sir. The fact of the matter is and - I will come back to the other important issues raised by the Leader of Opposition in a minute - the point that I want to make at this juncture is that the basic unity did not suffer. We were totally supported all through by G-77 and China as well as by South Africa and Brazil on every single issue. We had a joint Press Conference. So, the media reports that appeared to the contrary were not correct. It is true. I think, Mr. Raja referred to 'least developed countries and to AOSIS. It is true. India’s stand was supported by several countries, on the floor, at the plenary, including China, Egypt, Indonesia, Malaysia, Saudi Arabia, etc. However, AOSIS countries, small island nations and some least developed countries did speak in favour of legally-binding action. Now, why did they speak? The fact is, virtually, they don’t have to take emission cuts, whereas they get money from the Green Climate Fund for transfer of technology and that was the reason why they felt that it was in their own interest. Some of the island countries said that their islands would be under water. I told them that ‘Ooty’, in my State, would be under water. If their States were going to be under water, I told them that India has 600 islands which would be under water. So, we are also concerned. But the difference between the AOSIS countries and the stand that India took is that they don’t have to take any emission cuts and their per capita emissions are much, much higher than India. They are much, much higher than India, and, therefore, it is that they did not agree with us and they wanted India and China to come on board, as what they call ‘being major emitters’; and it was to that extent that they differed from us. This was a stand on which we could not compromise. Our diplomatic efforts in future will have to be to convince them that developing countries also need space. But every developing country that wanted to keep its carbon footprint, that wanted growth, that wanted to ensure development has indeed supported India and supported our principle stand.
Sir, as the Leader of the Opposition talked about paragraph 2 when he said, ‘agrees to launch a process under the Convention applicable to all parties.’ Those are the words that he mentioned and he also said that ‘equity’ was absent. Now, Sir, I would like to say that the sentence ‘under the Convention’ before it comes to ‘applicable to all parties’, says, ‘agreed outcome with legal force under the Convention.’ Now, if you take the Convention, if you take Article 4 of the Convention, Sir, you will find that very, very specifically, there is a huge reference to the issue of CBDR. I am going to read out, not just from the Convention; but before it, I want to tell the House that when we went to Durban, we were not sure whether the Ad-hoc Working Group, the text to the Ad-hoc Working Group on Long Term Cooperative Action under the
Convention, which existed earlier, would be continued or whether it would come to an end. As it turned out, the Ad-hoc Working Group on LCA, AWGLCA, has indeed been extended up to Qatar and we have to now discuss further at Qatar how to carry things forward. If you look at the Ad-hoc Working Group, you will find the reference to equity. I am reading the document that was adopted in Durban. The decision was taken in Durban to extend it up to Qatar. It says, 'This document contains text reflecting work undertaken at the fourth part of the Fourteenth Session to carry forward ideas and proposals in areas in which continued discussions will be held next year.' Here, equity has been referred at no. 9 where it says, “In the context of the ultimate objective of the Convention under article 2 and the Bali Action Plan, parties share the vision for the achievement of a global goal to reduce anthropogenic emissions based on equity, common but differentiated responsibilities and respective capabilities and historical responsibility preceded by a paradigm on equitable access to sustainable development which would ensure adequate time for social and economic development of all developing countries.” This is still on the table, Sir. This has continued up to Qatar where we have our work cut out for us to continue the discussion, no doubt. It is a very difficult negotiation. Sir, it affirms that the emissions reductions would be consistent with science, particularly that of the IPCC Fourth Assessment Report and more recent scientific information agreed on the basis of the principles of the Convention, in particular the principles of equity and common but differentiated responsibility and respective capabilities and fully take into account the historical responsibility of Annexe-I parties. Again, it repeatedly, Sir, at 24 (c) says, ‘equity but common differentiated responsibility’. Sustainable development would ensure adequate time for social and economic development for all developing countries, low Carbon development strategy which is indispensable to sustainable development, Carbon budget which Mr. Javadekar referred to, in the context of equitable access to global atmospheric space.
page after page of the text says this. Item No. 34 of the AWGLCA text refers only to equity; Item No. 35 talks about historical responsibility and about IPR; Item No.49 in the AWGLCA text talks about Intellectual Property Rights that Mr. Yechury referred to, ‘to ensure that the provision of technological support to developing country parties to enable action on mitigation and adaptation including identification and removal of all barriers that prevent effective technology development and transfer to developing country parties very clearly referred to’. Then, Item No.53 of the AWGLCA text refers to unilateral trade measures, which again, India had raised, that ‘no disguised unilateral trade measures of climate change should be imposed including tariff, non-tariff, fiscal,'
non-fiscal border trade measures against goods and services from developing countries. Parties on any grounds related to climate change including protection and stabilisation of the climate, emissions leakage and/or the cost of environment compliance. IPR in relation to technology is also referred to in Item No. 66. So, this is the AWGLCA text, Sir, and every single concern that hon. LoP referred to is in this text which has been extended, you will find, up to Qatar, where we will have to continue our discussions. No doubt, we have our work cut out for us. But it would be extended; and what we have done basically is, as I said, I led the delegation but this is the sustained effort, the support from all of you, the entire country, with regard to the position our country must take, the dedicated efforts of our delegation, our experts, our negotiators. What we really achieved is, space to develop up to 2020. At 2020, I have absolutely no hesitation in admitting to the House, we have to begin our negotiations by 2015. I am going to discuss in a minute what Mr. Yechury mentioned about submissions. The submissions that Mr. Yechury had referred to are not the kind of submissions that, perhaps, my statement led to an understanding of; it is a procedural issue that happens every year. It is the beginning of our arguments. It is not a submission on what we have undertaken or what we are going to undertake. It is not a verification or a transparency measure. ...(Interruptions)... No. It is not a verification or a transparency issue at all. It is something like the terms of reference for the AWG platform. It is not about mitigation or reduction. It is about what we are going to argue and say as a country, to say that India will not be submitted to legally binding cuts, to say that CBDR should be once again implemented, to say that you cannot break the firewall between developed and developing countries.

Sir, I think, I have covered all the points that the hon. Leader of the Opposition had raised. An important issue was raised about the size of the Green Climate Fund. The Green Climate Fund is the third achievement of Durban. We argued for the extension of the Kyoto Protocol’s Second Commitment Period and we argued that the Green
Climate Fund must be set in place. The Green Climate Fund should have 100 billion dollars by 2020. We believe that economic difficulties will not last for ever. But the important issue that happened in Durban is that money is not there. I freely concede it to the House. However, the appointment of the Board, the head of the Secretariat, the functioning of the interim Secretariat, selection of the host country, starting of financial support and starting of the functioning of GCF, all those structures have now been put in place. And, at least, a beginning has been made and they have reiterated their commitment. I also need to inform the House that — I think, Mr. N.K. Singh mentioned in the House — it is private money. We argued vehemently that whether it is 'innovation' or whether it
is ‘money’ that is given by the Governments, this is a pledge which is undertaken by the Party, that is, the Government of the country, the State, in a Conference of Parties and, therefore, that Government has to be responsible for that money. No private companies or no innovators are going to come forward and pay money. So, whichever way that money is mobilized, whether it is from Government funds it is that Party or that Government which will have to be responsible for that money coming into the Green Climate Fund. This is something that we vehemently argued. By no means have we agreed that it will be done privately because we know that no private innovator is going to innovate until he is paid. So, the issue is really that in a Conference of Parties this is a solemn commitment made by the Parties, namely, the Governments of the respective States and, therefore, they will have to make sure that they honour it. Mr. N.K. Singh also mentioned what does the road-map ahead say and what do you want in the post-2020 arrangements under the Durban platform. What I envisage at this point of time, of course, subject to your guidance, to the guidance of all the stakeholders and our country, is that we would like the post-2020 Agreements to resemble the Kyoto-type Agreements and under the Kyoto Protocol developed countries have binding emission cuts in absolute terms which have to be fulfilled at the economy-wide level. There should be a compliance regime for verifying and enforcing the achievement of targets of developed countries. The EU is already bound under the Kyoto Protocol. As far as the United States is concerned, we may want to have a pledge and review system in which the targets will be determined and implemented nationally with international compliance obligations. These are matters which have to be negotiated multilaterally and a suitable system will need to be agreed upon. What about us? What about developing countries? For developing countries, the responsibilities and obligations in a post-2020 scenario will have to be clearly built upon the principle of equity and of common, but differentiated, responsibility. Irrespective of the legal form of the final arrangements, the developing countries’ targets under such arrangements cannot be binding, and we will not
accept for it to be binding until the principle of differentiation based on equity is defined. These are our submissions. How will you define the principle? Will you define it on per capita? Will you define it upon your carbon footprint? These are matters for negotiations? Until it is defined to our satisfaction and these conditions are made implicit in any such definition of equity, until these conditions are met and until the principle of equity is elaborated and incorporated, we will not be in a position to negotiate a final treaty. Until 2020 and beyond, developing countries’ targets under the arrangements should, therefore, be relative in nature. Emission intensity and deviation are not expressed in absolute terms. I think somebody talked about electricity. In fact, all of you
talked about it. I totally agree. This is one of the first things I said in Durban. A huge percentage of our villages do not even have electricity. How do you expect a starving man to go under diet? However, as a responsible country, as a compassionate country and as a responsible member of the global community, we have undertaken, not in Durban but earlier, that we will take not emission cuts, but intensity of emission will be reduced. And, I am proud to say that under the hon. Prime Minister’s National Action Plan for Climate Change, intensity of emission will be reduced, which really means more efficient use of electricity, preventing leakage, promoting renewable sources of energy like solar energy, or, promoting sustainable development. All these initiatives undertaken by the hon. Prime Minister have met with great success without compromising an iota upon our ultimate goal of growth, and that is what we have managed to achieve, which, I think, as a responsible country, we are bound to do. There is no question of taking absolute emission cuts in an internationally-verifiable scenario until then. Sir, our pledge is, therefore, also dependent upon finance and technology under Article 4.3, and it will be our endeavour to see that until needs of our economy are properly met, this country will not be subject to any legally-binding agreements that will hamper our economy and hamper the growth of the people. At the same time, we will make sure that we behave as a responsible member of global comity of nations where we are committed to mitigate the deleterious effects of climate change. I have already addressed the IPR.

Regarding the issue that Mr. Yechury raised about being a single framework, I would like to clarify that just by the use of words, ‘applicable to all parties’, the new legal instrument or the agreed outcome with legal force does not become a single framework. I am stating this explicitly. The existing framework is the convention which I have already read out, which specifically keeps the firewall of ‘common but differentiated responsibilities’ alive. The new arrangements will apply to all, just as the Kyoto Protocol applies to all those who have ratified it. Regarding the issues of defining the principle, as I have mentioned earlier, this is the principle of ‘common but differentiated responsibilities’, or, on the basis of
which, the agreed outcome will operate.

Then, about diplomacy, I have already mentioned. I cannot tell you, and this again is a tribute, I believe, to the respect that this country is held in by the world at large. We are not like other countries — I don’t want to mention the names — that have accepted, for example, the Kyoto Protocol and then jumped ship like Canada. I won’t mention other countries. We are not a country that accepts a legally-binding emission and then refuses to honour it. We take our commitments extremely seriously. The amount of support and respect that was received for the Indian stand, for the people of India and to see India as a leader of the developing world, you
should have seen over there. So many people supported our principal stand and the work that was done by the entire delegation, the mandate and the way India stood for what it believed in and implemented whatever commitments that India had undertaken. We were not isolated by any means. In fact, we made sure that whatever this country expected from us, and I do not speak for myself, as I said, I speak for the entire delegation, I speak for the support that we have received from the hon. Prime Minister, the Cabinet and from all of you. We ensured that the second commitment period of the Kyoto Protocol was continued. We ensured that India does not take legally-binding agreements. We ensured that we have 10 years, at least, for growth, development and business as usual. We ensured that we are taken seriously as a country that believes in contributing to the climate change effort, and above all, we ensured that India’s place on the world map, particularly in climate change negotiations, is placed firmly at the centre and at the heart of decision making. In that effort, I do agree that the task ahead and the road ahead are very difficult and very rocky because there are national expectations world over. Our work as negotiators and as a country is cut out for us. We have to take it forward and I remain willing to be guided and advised by all of you to take forward the voice of our country as a whole. Our negotiators will continue to do their good work and we will make sure that while contributing to stopping the deleterious effects of climate change, we will continue to be taken seriously, our economy will continue to grow, our poor will not suffer and we will be respected in the comity of nations. Thank you, Sir.

MR. DEPUTY CHAIRMAN: We will now take up the Export-Import Bank of India (Amendment) Bill, 2011. Shri Namo Narain Meena.

GOVERNMENT BILLS

The Export-Import Bank of India (Amendment) Bill, 2011

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): Sir, I beg to move:

"that the Bill further to amend the Export-Import Bank of India
Act, 1981, as passed by Lok Sabha, be taken into consideration”.

Sir, the Export-Import Bank of India (Amendment) Bill, 2011 was introduced in the Fifteenth Lok Sabha on 8th December 2011 and was passed on 21st December 2011.

The Exim Bank was set up as a statutory corporation under the Export-Import Bank of India Act, 1981 for providing financial assistance to exporters and importers and for functioning as the
principal financial institution for coordinating the work of financial institutions engaged in financing export and import of goods and services with a view to promoting the country’s international trade. The basic objective of the Export-Import Bank of India (Amendment) Bill, 2011 is to increase the authorized capital of the Exim Bank from two thousand crores of rupees to ten thousand crores of rupees with a provision empowering the Government of India to increase the authorized capital further that it may deem necessary from time to time through notification, to make a provision for appointment of two whole-time Directors other than the Chairman and Managing Director. To enable the Exim Bank to raise fresh borrowings to meet the requirements of growing business, it has become necessary to increase its authorized capital which is fully paid-up and also to strengthen top management with introduction of two whole-time Directors at par with similar sized public sector banks.

The Question was proposed.

SHRI PIYUSH GOYAL (Maharashtra): Thank you very much, Mr. Deputy Chairman, Sir. I am grateful to the Minister for having introduced the Bill to increase the capital of the Export-Import Bank of India which was, I think, long overdue. This institution was set up thirty years ago. It is after thirty years that this Government has thought of a quantum jump. It has started with a capital of rupees five hundred crores. Until now, they are still struggling with a very small capital - less than two thousand crores of rupees. Now, they have thought it fit that it should be increased to rupees ten thousand crores. I fully support the Bill which seeks to increase this capital to rupees ten thousand crores. Of course, there is also a provision to appoint two whole-time Directors which also I can only support because in larger institutions, with centralized power only in the hands of the Managing Director, it sometimes becomes difficult to operate. Too much of centralization is not good for any institution. So, I welcome the step to bring two new whole-time Directors. But, Sir, I would like to go into a little larger macro issue before I start talking about this Bill. I have been a Member of Parliament for about 16-18 months now. In these 18 months, I have got the opportunity to speak on several occasions, and on this
occasion, Sir, unfortunately, there is nobody in the Treasury Benches to hear, but I would seek your support and I would request you to take it up with this Government. In the last 18 months, I have had 7-8 opportunities to speak, and each time I speak, as do so many of my learned colleagues, I am sure they all come prepared with facts, figures, they study, burn the midnight oil, come up with so many issues, but till date, any Minister of this Government, any official of this Government, has not bothered to reply to a single point that I have raised in this House. Sometimes I feel frustrated why we are putting in so much of effort. Even the Minister is not interested in listening to me when I am talking. I don’t understand why we put in so much effort.
MR. DEPUTY CHAIRMAN: Mr. Khuntia, please leave the Minister so that he can listen to the debate.

SHRI PIYUSH GOYAL: This is the state of affairs of the House, Sir. We speak, we take up issues, we raise issues, but there has never been a response from the Government. Sir, I would seek protection from the Chair. Please call a meeting of all the leaders and the Government’s representatives. Let them, at least, have some procedure in place. Maybe they cannot reply to all the issues in the reply of the Government or the Minister. At least there should be some process by which issues raised in this august House are considered by the Government. Due consideration should be given on facts and figures. Maybe we are wrong, so we would like to be educated where we are wrong. And maybe if we have a point of view, which merits consideration, I think in the interest of this nation, the Government should seriously listen and take up the issue with the requisite forum for action. This was just a point which I made earlier. I see no relief from this Government or from the Chair. Sir, I seek your indulgence. Please take up this issue.

MR. DEPUTY CHAIRMAN: We cannot give you relief. ...( Interruptions)... 

SHRI PIYUSH GOYAL: Sir, I think I express the sentiments of the House when I say that.

Coming to the point about the Export-Import Bank of India, the hon. Minister just now elaborated on the reasons why this was set up thirty years ago. There were three primary functions. One, providing financial assistance to exporters and importers. Two, it was to coordinate with the working of other institutions engaged in providing such finance. And the most important one is that, Sir, it was set up with a view to promoting the country’s international trade. This particularly, I would like to highlight, was the main reason why the Government thought it fit to set up a body exclusively dealing with finance and exclusively dealing with trade facilitation for import and export.
Sir, in terms of financial assistance, it has had a growth, it has had a slow and steady growth over the years. After thirty years when the country’s exports have grown by probably hundred times, we have a situation where even today this bank is having a loan book of only ten billion US dollars. They have a loan book which is less than Rs. 50,000 crore. I have the exact figure with me. As on 31st March 2011, their loan assets were Rs. 46,041 crore. That is the extent of financial assistance of this institution, which was to be an apex body to encourage trade, after thirty years. It has been dealing with such a small fraction of the export of this country that I do not know how many more years it will take to really be an effective instrument of trade facilitation.
Sir, this organisation was also to coordinate the working of other institutions engaged in financing export and import. I have been in the business world and I have been in the financial markets for many years. To date, I have not been able to figure out what the trade facilitation is and what is the coordination that this institution does with other institutions engaged in export and import financing. Maybe they have certain lines of credit from the EXIM Bank, overseas or from the Asian Development Bank. Maybe they are tinkering with small numbers and small agreements. And, of course, capital was certainly a constraint. But all in all I think this organisation could have done a much better job. One of the reasons I would like to highlight why this organisation has not flourished or gone beyond the frontiers of where it is now is the complete bureaucratic and Government control on the body. Even today, it does not have any public representative on the Board of the EXIM Bank of India. Even today, every Member on the Board of the EXIM Bank of India is appointed by the Government. I would crave your indulgence, Sir, to tell you who is there. The Chairman and Managing Director is appointed by the Government. Its five Directors are the officials of the Government of India. Its three Directors come from other scheduled banks which are invariably PSUs. You have the Chairman of the Bank of India, the Chairman of the Bank of Baroda, and the Chairman of the IDBI. There are four Directors who are professionals and experts. Earlier I was a Director on Board. I came with some qualification in law, being a chartered accountant and what not. But if you see the general trend of appointment of Directors in the last five or seven years, there have been political appointees with no background in trade, with no background in export and import, and with no significant background in economics. And we are hardly able to contribute while on Board which is overpowered by the Government nominees. So, you have such a situation. Then, of course, there is one director of RBI, one director of IDBI and one director of ECGC. So, till when are we going to shackle financial institutions with
Government interference and Government nominees only? I would urge upon the hon. Minister to review the system of appointment of professionals on bank boards, particularly with reference to their expertise, what they can contribute to the board, what level of knowledge they have, the world perspective that they can bring from the working of these public institutions and also to have a system where more nominees come in from the public, reduce the number of Government nominees and let these banks function with certain degree of autonomy and independence, not being guided always by the Banking Division official of the Finance Ministry, who is on the board of these banks.

Sir, at this stage, I would like to raise one more very important function of Exim Bank in which it has failed very drastically. When the Exim Bank was set up, one of the impressions
created – and over the years, we expected the Exim Bank to play that role – was it would play a very important role for the small scale and medium scale sector. Sir, you look at the website of the Exim Bank; you look at any documents of the Exim Bank. The small and medium enterprises barely find a mention; there are only a few words or a para or two. There is absolutely no focus and the way this Bank works with a few branch offices spread all over the country, it’s only a rich men’s club. No small borrower, no small exporter or importer, would ever get access to those officials. They are busy in building up a loan book with large transactions, with transactions of investments in overseas companies, transactions where they can write out big ticket cheques to large corporates and there is absolutely no statistic available anywhere of the extent of finance that the Exim Bank has provided to the small and the medium enterprises. I would urge upon the Government to provide this information not only to the Members but also put it on the website for the world to see whether these institutions are actually serving such large sectors of the economy which probably account for more than 50 per cent of the exports of this country.

Sir, on the working of the Exim Bank, I would also like to highlight one other thing. The current CAR, Credit Adequacy Ratio, that this Exim Bank has is about 17.04 per cent. Of course, fortunately, it has fallen to 17 per cent from 40 or 20 per cent at one point of time. But, even at 17.04 per cent, I fail to understand why this Bank cannot grow faster. I don’t think a Bank of this nature needs 17 per cent CAR. Even Basel-II and Basel-III does not provide for this kind of Credit Adequacy Ratio. So, I would urge upon the Government to prod – since, in any case, the Government runs these institutions – these organisations to spur their growth, become genuine facilitators in the market for trade, import and export, and expand their business at a faster rate.

Sir, they have a profit of about 110 million dollars. Last year, they made Rs.584 crores of profit. After 30 years, in a country like India which is the cynosure of the whole world, if our apex institution has reached this level, I think, it’s a matter of shame for all of us. I would have expected an apex financial body on trade,
on import and export to probably have a loan book of 100 billion dollars today, facilitate trade of 150 to 200 billion dollars, and possibly show us a profit in excess of a couple of billion dollars. With this increased capital, I can only hope that this Government will unshackle these organisations.

Sir, I have often raised one other issue related to the working of these commercial organisations. It is the interference of organisations like CBI and CVC in commercial decisions taken by these organisations. Sir, there is a fear psychosis in all public sector banks when they are supposed to lend money and that fear psychosis has made them completely security-oriented. In that process, they harm small borrower, they harm emerging companies and they
harm manufacturing companies. There is this security mindset. This is a commercial business and there are bound to be good loans and bad loans. I think, unless we unshackle the commercial decisions of public sector institutions from such kind of supervisory and hindsight control, it will be very difficult for these institutions to really flourish. We have to make them work as autonomous commercial organisations taking commercial decisions and unshackle them from this kind of control.

Sir, on another issue about the Exim Bank, they are supposed to also finance. And they have very proudly said ‘that we finance renewable energy’. The hon. Minister just now left. I should have mentioned this while she was there. The Exim Banks supposedly finance renewable energy for climate change mitigation; this is what is said in their website. As of today, the entire amount that they have disbursed is Rs.760 crores for clean environment, for afforestation and for setting up wind and biomass projects. Sir, this is not the level of facilitation that a body as large as an Exim Bank is expected to do. What they do, instead, is, probably, seminars and workshops to develop skills of exporters. I think, there are enough bodies, and our Indian entrepreneur is very smart; he can do that very well. What he needs is actual support from the Government bodies.

Sir, I would like to raise one or two points about the overall import-export scenario in this country, going beyond the Exim Bank, because I think, the Exim Bank, ultimately, is a subset of the larger story of export and import. Sir, in our country, there is a myth about the rupee devaluation being good for exporters. I do not know when this myth will ever get over in our country, Sir. Over the years, we have been promised that with rupee devaluation the exports will increase, imports will reduce, trade deficits will fall and the country will become, emerge as a stronger nation. Sir, when the hon. Finance Minister in 1990-91 launched the new Economic Policy, largely with a big step to devalue the rupee, one of the important reasons explicitly stated was encouraging exports, and, therefore, making Indians goods more competitive and imports more
expensive. Sir, the value of rupee, from 1991 to now, has declined from eighty rupees to about fifty rupees a dollar. But, Sir, the trade deficit in the same period has gone up from a mere 2.7 billion dollars, in 1990-91, to 200 billion dollars this year! It is projected to be 200 billion dollars. 200 billion dollars! Sir, in the last two months alone, that trade deficit has been 25 billion dollars, in October and November. Does this Government realise the great cost that this nation is paying because of this rapidly depreciating rupee? And you have a tug of war between the Reserve Bank of India and the Government. Government comes up with policy prescriptions stating ‘the Reserve Bank will handle this part of the story’. Reserve Bank says, “It is a Government’s job to handle it. We cannot take care of the rupee devaluing!” And,
in the process, you lose 15 per cent value of the rupee in less than two months, since October to December.

Sir, I think, even in 2008 when the whole world was talking of doom and gloom, the RBI intervened in the forex market to stabilize the rupee. And they did not allow the rupee to deteriorate very significantly. In fact, the RBI’s intervention in 2008-09 was considered an extremely sound policy, a sound economic policy, and they got accolades all over the world. I fail to understand in this round of devaluation, which happened in the last two months, what was this Government doing; what was the policy prescription of this Government. Did they think that this country can afford to repay the dollar loans at 15 per cent more price? We have 120 billion dollars outflow in the next twelve months, Sir. It is a known fact; it is a Government statistics. Now where are these 120 billion dollars going to come from? Has this Government applied its mind to it? We already see that forex reserves, in the first eight months, have fallen by nine billion dollars. From 282 billion dollars, they are now down to 273 billion dollars whereas, every year, for the last ten years, we have significantly increased our dollar reserves. This is for the first time that we are seeing dollars in the Government treasury falling and that is without RBI’s intervention to stabilise the rupee.

SHRI P. RAJEEVE (Kerala): There is no Minister from the Finance Ministry.

MR. DEPUTY CHAIRMAN: He has just gone out.


MR. DEPUTY CHAIRMAN: He has just gone out, please.

SHRI PIYUSH GOYAL: Prafulbhai, you would better join the Finance Ministry.

MR. DEPUTY CHAIRMAN: The Minister has just gone out.

SHRI P. RAJEEVE: He is the Minister for Heavy Industries.


MR. DEPUTY CHAIRMAN: Please.
SHRI PIYUSH GOYAL: It is an old story. That is why I started with it. They are not bothered. हम फास्तू के तस्वीरें पतेररे तैयार करके लाते हैं for no rhyme or reason.

MR. DEPUTY CHAIRMAN: No. He has just gone out.

SHRI PIYUSH GOYAL: We can understand that the Finance Minister is in the other House.
SHRI PRAFUL PATEL: The Minister is here.

MR. DEPUTY CHAIRMAN: He was here always.

SHRI PRAFUL PATEL: I wish you had a lot of control over whatever is required.

SHRI PIYUSH GOYAL: I get prodded by other colleagues. When they realise that there is a burgeoning trade deficit which is growing by leaps and bounds, which is beyond their control to manage, they come up suddenly with a policy to bring FDI in retail and they say that it is a great prescription to solve all the problems of this country and we are going to have FDI in retail and the country’s problems will be solved. Who will come to this country in a climate of misgovernance, in a climate where policy stagnation is there, in a climate where corruption is there all round. The investors are not looking to come to a country where administratively and politically we are not strong. What this country needs to do is a reform in the administrative processes. It needs reform in governance; it needs political reform; it needs a stable policy framework which this Government has completely failed to give in the last few years. I think it is time that we looked at the reforms and we internalised the reforms, and brought reform in our manufacturing system and trading facilitation. That is what the foreigners are looking for to invest in India. I don’t think that just by opening the sectors which are under control we can suddenly expect the companies to come. There are hardly two companies in the world and in any case the prescription is a minimum of 100 million dollars investment. All that we can look forward is 300 million dollars to come in. In the Insurance sector, after ten years of its opening up, from 2002 till now, 25 insurance companies, life and non-life, have come. The total amount of FDI that has come is only to the tune of Rs.5,500 crores. So, it is a bogey when some of our friendly countries are trying to convince the policy makers and us outside the House that we must encourage and we must open our economy for everybody to come. I think that this Government needs to seriously reflect on what the world is looking for from us. The world does not
want them to tinker with the SEZ policy where they made certain assurances. The Commerce Ministry makes some promises for foreigners to come to the country and then the Finance Ministry changes those laws. Without grand-fathering companies have come and established base. They don’t want that type of policy instability. They don’t want the Government litigating for transactions for years on end in the courts in stead of fast tracking decision which will ultimately affect their investment. So, you have a situation where investors are watching what happens to court cases in India before they think of investing. I think the deeper issues that this Government needs to address are the internal reform and how they are going to create a climate of confidence in the foreign investors before they bring in money into this country.
is one issue that I would like to highlight while the hon. Minister is
there. We have situation here where in the last two months there has
been a trade deficit in October, 2011 of 20 billion dollars. Now we
are looking at 20 billion dollars deficit in one month. Exports are
growing at the rate of 10 per cent in dollar terms and imports are
growing at the rate of 21.7 per cent. So, this deficit is only
compounding and increasing. Some of it is made up by the wonderful
Indians who have gone all over the world and sent us remittances. Some
of it is made up because of the IT sector which, by God’s grace, is
still unshackled by the Government. Of course, they are trying to do
it. They bring in MAT and then they remove the clauses of concessions
in SEZs. Even the IT industry is under tremendous attack from the
Government. I do not know how long they can sustain this kind of
growth. But in this situation, when trade deficit in one month is 20
billion dollars, I think it is high time this Government sat down and
prepared a roadmap how they are going to genuinely encourage exports;
how they are going to bring in some sort of manufacturing base
improvement in India so that imports can be curbed and in the process
strengthen the economy in the long run, rather than create forex
reserves only out of debt, that too largely an FII money, which is
short-term and hot money. When that flows out, like we saw recently,
one tranche of 300 to 400 million dollars flows out, and you see the
whole economy and the stock market collapsing and the whole Government
and everybody running helter-skelter to defend that ‘no, no, things
are not too bad’. Unfortunately, I feel, Sir, the Government needs to
address issues like fiscal deficit, trade deficit with a firm hand. It
will not do with budget estimates only which are to be flouted. Sir, I
would like to point out that when the hon. Finance Minister presented
the Budget with a trade deficit of 4.6 per cent, in my speech on
Budget I had predicted that it will fall short by Rs. 2 lakh crores. I
stand by my budget speech made in March. This Government will not be
able to bridge this trade deficit. It will go up to 6 per cent. I will
wait to see the revised numbers when they come up. But as things
stand, it will go up to 6 per cent, unless, of course, they do
manipulation, as we are reading in the newspapers that they are going
to get PSU banks to shell out their cash reserves and buy each other’s
stocks so that they can reduce the trade deficit in their books. I
think this kind of jugglery with PSUs is very harmful. Tomorrow, they
will tell Exim Bank, “Oh, you have got Rs. 4,000 crores in your bank;
you buy back our shares into your books and give us Rs. 3,000 crores
out of that”. Like that, the Government is hoping to meet their
disinvestment target through this kind of jugglery. I would urge the
Government to desist from any such moves. These are harmful for these
PSUs. With great difficulty, our public sector undertakings have
matured to a stage where they can stand on their own. We have Navratans and mini-Navratans in our stable. Let
us not play around with
their finances. Let us encourage them to invest in the economy to grow their businesses and bring about growth of the country, rather than just filling in the Government coffers through such kind of transfer of funds from one to the other.

Sir, as I can see, the balance of trade, which was 5 billion in 1991, was 119 billion in 2010-11 and in the current year, as I mentioned to you earlier, Sir, it is looking very, very scary. In three months alone, August-September-October, the trade deficit is 50 billion, which is why I said it could be 200 billion by the end of the year. I hope this Government addresses these issues in a holistic manner; takes up these issues on a war-footing. We in the Opposition are willing to cooperate, like we are cooperating to pass this Bill. But it cannot be a unilateral cooperation. They will have to come with plans, with positive ideas. We in the Opposition assure them that in the interest of the nation what policies and programmes they come up with, we will support them when they come to us with open arms and an open agenda. But when they come with deceit and by announcing policies without any consultation, then they cannot blame it on us that the Opposition is not cooperating and that is why they cannot get reforms and they cannot do things in the country. This kind of message that they are giving outside and then getting the interlocutors of industry to come and talk to us; that the Opposition is not cooperating and that is why, in the country, there is a policy paralysis, is not acceptable to us. It they want cooperation, it will have to be through consultation and discussion and then we can all work together to take the country forward. Thank you.
श्री उपचारपति: वे इस बैंक में नहीं रहे हैं।

श्री नरेंद्र बुढानिया: सर, मैं डाकरेक्टर नहीं रह हूँ, मैं तो एक कसिन का बेटा हूँ। मैं एक छोटे से गाँव में ढाणो में पढ़ा हूँ और शामद भंडी जी भी मेरी तरह ही हैं, जो गाँव से उठकर आए हैं और उन्होंने भी गाँव के स्कूल में ही अध्ययन किया है। मैं सरकार के धन्यवाद देना चाहता हूँ कि उसने इस बैंक की स्थापना करने की बात सोची और यह सोचा कि हमारे देश में नियोजित और आयात के बीच से बढ़ावा मिले, जिससे हमारे देश की तरक्की हो सके। 1982 में, मात्र 500 करोड़ रुपये की योद्धा सी प्राथितंत्र बंदरी के साथ इस आयात-नियोजन बैंक की स्थापना हुई। 1999 में, एक अमेदमेड करके इसकी राशि को 1000 करोड़ रुपये किया गया, फिर एक अधिनियम के द्वारा इसको बढ़ाकर 2000 करोड़ किया गया और अब जो बलि पेश किया गया है, उसमें इसको
बढ़ाकर 10,000 करोड़ रुपये को पराधिकृत पूंजी करने का पुरावधान रखा है। महोदय, यह बहुत बढ़ा और बहुत अच्छा कदम है। जबकि पुराकार से गोमल साहब ने इस बार के सुवागत कहि हैं, मैं समझता हं कि पूरा देश और पूरा सदन इसका सुवागत करता हैं और यह महासृज करता है कि ये 10,000 करोड़ रुपये भी इस बैंक के लिए कम हैं। आजहमारे यहाँ निर्धारण और आयात की जिम्मी आवश्यकता है, उसके देखते हुए यह राशि बहुत कम है। चूंकि इन्होंने इसकी समय-समय पर बढ़ाने का पुरावधान भी रखा हैं, तो मैं समझता हं कि इस बैंक का दलित -परतिदित आगे और डेवलपमेंट होगा तथा हमारे निर्धारण और आयातको को इसका लाभ भीजेगा। मुझे माफ़ कर्य पड़ है कि हमारे एनजीयू बैंक का जो करोड़रत है, वह बहुत से देशों में है। यह शायद पचास से जुड़ा देशों में काम कर रहा हैं और इस बैंक में 6.3 बलिमयण डर्सर का करोडरत है। जब 1982 में यह बैंक शुरू हुआ था, तब इसका करोडरत 386 करोड़ रुपये था और 30 नवंबर, 2011 तक इसका करोडरत 1,10,130 करोड़ रुपये का हो गया है, जो कि एक उल्लेखनीय वृद्धि है। सर, मैं समझता हं कि जब किसी चीज की वृद्धि होती है, उसमें बढ़वाया होता है, तो उसमें कई चीजों और कई लोगों का योगदान होता है। इस बैंक में काम करने वाले जो पेशेवर अधिकारी हैं, मैं उनकी ध्यानवद देख चाहता हं कि उन्होंने इस बैंक में बहुत ही मन लगाकर और बहुत मेहनत से काम किया हैं। मैं समझता हं कि इनकी संख्या जुड़ता नहीं है, ये पेशेवर अधिकारी लगभग 277 के आसपास हैं, लेकिन इनकी मेहनत से ये बैंक दलित -परतिदित आगे बढ़ रहा है।

उपसभापति महोदय, यह बैंक बहुत अच्छी तरह से काम कर रहा हैं और इसमें बिजनेस काम करवाना है। गोमल साहब बता रहे थे कि इसका लाभ बहुत जुड़ता होमा चाहिए था, मैं मानता हं कि इसका लाभ अवश्य बहुत जुड़ता होमा होमा चाहिए था। जबकि पुराकार से लाभ के देखते हैं, उससे लगता हं कि कयाम लाभ कम सियास हैं, बैंक बहुत जुड़ता काम कर रहा हैं और इस बैंक की रुपये जुड़ता काम करना चाहिए, परंतु इसके बावजूद भी यदि यह बैंक लाभ करने की दशिक में काम कर रहा हैं तो इसका मतलब है कि यह अच्छा काम कर रहा है। यह बैंक अच्छे काम कर रहा है, जबकि लाभ सरकार अन्त में मिले रहा है। मुझे यह माफ़ कर्य चला है कि अब तक यह सरकार को 1,228
करोड़ रुपए का लाभांश दे चुका है। यह बहुत ही अच्छा काम है, बहुत ही प्रशंसनीय काम है।

महोदय, इस बलि के द्वारा इसमें दो पूर्वकालिक डायरेक्टर के पुरावधान रखा गया है, जो बहुत ही सुविदायक कदम है। हम जानते हैं कि बैंक के पुरावधान को मजबूत करने के लिए यह कदम उठाया गया है, ताकि वे चेयरमैन और मेंटिजिंग डायरेक्टर को मदद कर सकें। जैसा अभी मास्स चला कि इसके अंदर 16 डायरेक्टर होते हैं और दो nominated होते हैं। इस बात से मैं सहमत हूँ कि जो डायरेक्टर nominate किये जाते हैं, सरकार के उनकी ओर विशेष खुशाल रखना चाहिए। उसमें ऐसे लोगों को शामिल करना चाहिए, जिन्होंने अलग-अलग दिशाओं में विशेषज्ञता हो।

आजहमारे देश में विशेषज्ञों को कमी नहीं है। जब मैं देखता हूँ, तो मुझे ऐसा लगता है कि हमारे देश में सबसे बड़ी आबादी कस्टमरों की है। हमारे देश की जो economy है, वह rural based है। उस सेक्टर के लोगों को इसमें बहुत कम शामिल किया जाता है। वे अपने सुझाव दे सकें, इसका उनको बहुत कम मौका मिलता है।

इसलिए मैं भी महोदय से नविदन करता हूँ कि जब वे विशेषज्ञ डायरेक्टर को नामित करें, तो इस दिशा में विशेष खुशाल रखें, ताकि हमारे देश को इसका लाभ मिल सके।
महोदय, आजहम जानतें हैं कि इस बैंक का उद्देश्य यह है कि
इससे नर्मित को बढावा मिले, आपात को बढावा मिले। आपात -
नर्मित को बढाने के उद्देश्य से हैं, इस बैंक की स्थापना हुई
है। हमारे जो उद्ध्वस्त हैं, वहाँ वे छोटे उद्ध्वस्त हों, बड़े
उद्ध्वस्त हों, लघु उद्ध्वस्त हों, मेंढ़ों उद्ध्वस्त हों, वे
अंतर्रेखीय माँगें के अन्दर आज compete कर सकें, उनकी
मदद के लिए इस बैंक की स्थापना हुई है। इस बैंक से हमारे
उद्ध्वस्तों को बढ़ता लाभ मिलता है। मैं मंत्री महोदय को अवगत
करता चाहता हूं कि जैसा मंत्री अपने पहले कहा कि हमारे देश के
अन्दर गूढ़मीण क्षेत्र की आयादी जुड़ा है।, हमारी economy
कृति आधारित है, इसलिए कृति आधारित उद्ध्वस्तों को export करने
के लिए motivate करना चाहिए, ताकि हमारा देश और हमारे देश के
क्षेत्र पुलगति कर सके। मुझे मार्गम है कि सरकार इस दशक में
कार्य कर रही है। आजपूरे संसार में जिस परिकल्पना से वैश्विक
दंड रहे हैं, पूरा संसार इस मंदी के दौर से सहित है।
मैं समझता हूं कि आज वकिलित देश इस संकट से जुझा रहे हैं।
अमेज्लिका जैसा बड़ा देश इस मंदी से जुझा रहा है। लेकिन,
उपभागिन महोदय, मैं हमारी यूपीए की चेयरमैन सोनिया गांधी
जी, हमारे देश के पुराने मंत्री डा. मनमोहन सिंह जी को
धन्यवाद देशा चाहता हूं और हमारे वल्लित मंत्री जी को
वापस देशा चाहता हूं कि हम पर इस वैश्विक दंड मंदी का अर्थ तो पड़ा हैं,
लेकिन उनके कुशल वल्लितय पुरानों की वजह से हमारे देश के
इसका बढ़ता बड़ा नुकसान नहीं हुआ है। (...वैश्विक ... छूटे
नहीं हैं, अगर मैं मंत्री जी का नाम लौटता है, तो यह कहा जाएगा
कि वे राजस्वोदेश के हैं, इसलिए मैं उनकी बढ़ाई कर रहा हूं।
मंत्री में दोनों मंत्री शामिल हैं।

महोदय, जों भारत -एशिया मुक्त विभाग समझौता हुआ है,
इससे हमारे देश के बढ़ता बड़ा लाभ हुआ है। इस समझौते से
अंतर्रेखीय बाजार में हमारी नर्मित का scope बढ़ा है। आज
हमें इस बाजार की आवश्यकता है कि हमें नर्मित के लिए बाबर नए
बाजार खोजने चाहिए। जब हम नये बाजार खोजते हैं, तभी पूरे
संसार के अन्दर आज जों दौर चल रहा हैं, उसका हम नुकसान कर
सकते।

महोदय, फकिक के अध्ययन से यह मामूल हुआ हैं कि बढ़त से
ख़ाजे देशों में हमारे लिए नर्मित का बढ़त अच्छा संकोप है।
खाड़ी के देशों में जुड़ा तैयार किया जा सके, इसके ऊपर हमें दिखाया गया है, साथ ही जहां इस प्रकार की संभावनाएं मौजूद हैं, वहां नये-नये बाजार खोलने चाहिए। चाहिए मैं भी निर्धारित कर पाए हमें बाजार खोजने चाहिए। आज देखने को यह मिल रहा है कि अफ्रीका और खाड़ी देशों के अन्दर चीन बहुत अधिक ताकत से आगे बढ़ रहा हैं और इस तरह उसमें अपने निर्धारित व्यापार को बहुत बड़ी मात्रा में बढ़ाया है। इसी तरह हमें भी अपने निर्धारित व्यापार को बढ़ाने के लिए नये-नये बाजार खोजने होगे।

मंत्री महोदय, इस फीचर के अन्दर बहुत अधिक स्कोप है, देखने की आवश्यकता यह है कि क्षेत्र पुरस्कृत अपने देश के उद्योगों को हम इस प्रकार से लाम पहुंचा सकते हैं। सबसे बड़ी वातावरण इस बात की है, जैसा कि मेरे भाई, गोयल साहब कह रहे थे कि जो छोटे और मझाले व्यापारी हैं, वे इस क्षेत्र में नहीं जा सकते। इसके लिए इसका सरलीकरण करना बहुत आवश्यक है, ताकि छोटे व्यापारियों को भी जुड़ा तैयार किया जा सके, पुरोसाहन में मिल सके, सहायता मिल सके। इस ओर ध्यान देने की आवश्यकता है।

महोदय, हम सभी जानते हैं कि आज अमेरिका और पूरा यूरो जोन कर्ंसे के संकट से जुड़ रहे हैं, जबकि कारण भारत के निर्धारित पर भी भारी असर पड़ा है। इस संकट से निर्धारित करने के बहुत भारी परेशानी का सामना करना पड़ रहा है। पतझड़े दर्जन में अखबार में पढ़ रहा था कि हमारे निर्धारित करते अधिक परेशान हैं। दो-दों-तीन-तीन महीनों तक उन्हें पेसेट नहीं मिला रहा है।
2.00 P.M.

पहले होता यह था कि उन्हें 30% एडवांस मिला करता था, लेकिन अब उनका यह एडवांस तो बढ़ हो गया है, ऊपर से उनकी फीटें में भी दो -दो ही तीन -तीन महीने का समय लग जाता है। उन्हें हर तरीके से दबाया जाता है। जब उनकी पेमेंट का समय आता है, तब उनसे यह कहा जाता है कि आप हम कलिन कंसिनशन देंगे, 10% देंगे या 20% देंगे, तभी हम आपकी पेमेंट करे। यदि हमारे नियमित उन्हे कंसिनशन नहीं देते, तो वे उन्हें यह कह कर दे रहे हैं कि हम आपका पूरा की पूरा पैसा रोक लेंगे अथवा आपको सामने मैं कोई न कोई कमी निकल देंगे। हमारे नियमित आजसूच प्रकाश की कठिन परिस्थितियों से गुजर सके हैं, जबकि ऊपर जबत ही धृतान देखे की आवश्यकता है।

महोदय, एक बात मैं और कहना चाहता हूँ। भारत मैं हम 39-40 हजार करोड़ पूंजी का खाता तें अपायत करते हैं, लेकिन हमारे अपने कशलिन आज देश में ही तबिहन की फसल पैदा करने के लिए तेंतार है। इसके ऊपर व्यापारी विधाय नियत करने की आवश्यकता है। कि जब हमारे अपने कशलिन तबिहन की पैदावार के लिए तेंतार हैं, तो हम इतनी बड़ी मात्र मैं खाता तें अपायत से अपायत करे? अंतर ही अपने उन कशलिनों की दिक्षित खान कर मदद की जाए। यदि हम उनकी पूरी मदद करेंगे, पूर्वसागर देंगे, तो मैं समझता हूँ कि हमारे देश की कशलिन इतने मजबूत हों कि अपने देश में खाता तें जो अपायत हो रहा है। उस आयात की वे सुवर्ण पूरी कर सकते हैं।

महोदय, लम्बी - मज्जी बात नहीं करके अंत मैं मैं यही कहना चाहूँगा कि इस आयात - नियत बैंक को सरकार के अधिक से अधिक समर्थन मिलिना चाहिए। इसके जलिना अधिक समर्थन मिलिना, पूर्वसागर, मिलिना, जिन्हीं हैं ताकत के साथ यह काम कर सकेगा।

महोदय, आजसरकार को यह निर्देश देंगे की आवश्यकता है! कि यह बैंक अपना कारोबार कई गुजार बढ़ाए। जब यह कई गुजार बढ़ेगा तभी हमारा देश मजबूत होगा। इसके साथ ही मंजी महोदय बैंक को यह भी निर्देश देंं कि वह अंतिम देशों, खान देशों में वन्य में कारोबार बढ़ाने के साथ भारतीय उद्योगों तथा निर्माताओं को अधिक -से-अधिक पूर्वसागर हो करे, ताकि यह कारोबार बढ़ सके।

महोदय, आपने जो मुझे बोलने का समय दिया, उसके लिए मैं आपकी आमंत्री हूँ। मैं एक बार फिर युवोर शंदी में इस विषय के, The Export-Import Bank of India (Amendment) Bill, 2011 के समर्थन करता हूँ, उसका सुधार करता हूँ। मैं मंजी महोदय
कों वशिष्ट तौर से धन्यवाद देते हुए यह कहना चाहता हूँ कि असी पृथ्वी से वे आते हैं, वहाँ के कस्टमर को, जो आपकी तरफ देख रहे हैं, यदि आप उनका वशिष्ट तौर से इस नतीजत में शामिल करेंगे तो मैं समझता हूँ कि देश को और पृथ्वी को बहुत बड़ा लाभ होगा। बहुत-बहुत धन्यवाद।

MR. DEPUTY CHAIRMAN: The House is adjourned, and to meet again at 2.00 p.m., after lunch.

The House then adjourned for lunch at one minute past one of the clock.

The House reassembled after lunch at two minutes past two of the clock, the Vice-Chairman (PROF. P.J. KURIEN) in the Chair.

श्री अवतार साहिब करीमपुरी (उत्तर पृथ्वी): सर, आपने मुझे The Export-Import Bank of India (Amendment) Bill, 2011 पर बोलने का मौका दिया, इसके लिए मैं आपका आभार पूरक करता हूँ। महोदय,
यह बहुत ही महत्वपूर्ण बनि हैं। यह बनि देश के लिए और भी महत्वपूर्ण है कि सकता है, लेकिन यह देश की अर्थव्यवस्था के बेहतर करने के बाद हो सकता है। Export-Import Bank, 1981 के एक तो तहत established कदंभ माना गया था। 1981 से लेकर 2007 तक इसी capital 500 करोड़ से 2,000 करोड़ गुप्त तक थी, लेकिन न 2007 से 2011 के बीच इसी capital को बढ़ा कर 10,000 करोड़ गुप्त तक करने के लिए propose कदंभ माना गया है। अब इस विषय पर हमें यह सोचना है कि इसी देश के कल्पनी जरूरत है और हमारा जो उद्देश्य है तथा इसके लिए जो objects निधिरित कदण गए हैं, उनको achieve करने में हमें कस्ट हट कर कामयाबी मिलि।

सर, हमारा पहले का यह तद्दर्थ है कि capital increase करने के बावजूद हमारा एक्सपोट दे रहा है और इम्पोर्ट बढ़ रहा है। अब मैं आपके सामने थोड़ा सा भारत का नया रेखा चाहूँगा। दुनिया की जनसंख्या पर नजर डालें , तो पता चलता है कि भारत में दुनिया की 17 परसेंट population है, यदि भारत दुनिया की जनसंख्या के हस्तियों से छोटा देश है, छोटा हस्तिया है। वर्तमान का छोटा हस्तिया हमें के बाल्य और दुनिया की कुल लैण्ड के 2.4 परसेंट लैण्ड भारत के पास होमे के बाल्य एक्सपोट इम्पोर्ट के कोई तुरंत में भारत का हस्तिया मात्र एक परसेंट है, जब कि इस क्षेत्र में कीम का हस्तिया 10 परसेंट है। इसका क्या कारण हैं? हम कहां खड़े हैं? कहां गढ़वाली हैं? दुनिया में हम परोक्ष कर रहे हैं कि हमारे पास बहुत काबिल अर्थशास्त्री हैं, लेकिन भारत एक्सपोट में डे-बाई -डे पलट रहा है। यह बहुत चाहिए करने का विषय है और यह चाहिए का विषय भी है। गरमेंट ऑफ इंडिया में वर्ष 2011 तक एक्सपोट का जो टारगेट 300 बलियां डायर का रहा था, हम उसके कहीं नजदीकी भी नहीं। इम्पोर्ट 23 परसेंट बढ़ा हैं क्यों ? क्या कारण हैं कि हम एक्सपोट के क्षेत्र में गहरा हैं?

महोदय , आप जानते होंगे और शायद मंसूं जी भी जानते होंगे कि इस देश के उद्योग में एससी, एसटी, ओबीसी और माइनरिटी का हस्तिया आज मात्र तीन यारस रहा है। इस देश की 85 परसेंट पोपुलेशन में उनका तीन परसेंट पार्टिसिपेशन रहीँडे पर हैं। हम इंडनेशन लेवल पर कुछ पलट रहे हैं, इसका एक कारण यहाँ की लेखन इंडस्ट्रिचर भी है। इसका कारण पाबंद की कमी, एनजी की कमी और इस दशक में जरूरत के मुआवज कमन न होमा भी है। परसेंट , इंडनेशनल लेवल पर हमारी जो सबसे बड़ी कमी नजर
आ रही हैं, वह क्वालिटी की क्षेत्र में है। हमने इस देश के
बहुजन को पार्टीसिपेशन से इसलिए आइसोलेट करके रखा है कि
उनके पास टेलेक्स की कमी है, लेकिन जब हम इंटरनेशनल लेवल पर
अपने टेलेक्स को दिखाते हैं तब हम कहाँ खड़े हैं कि हम वहाँ
मात्र एक परसेंट नजर आते हैं। इसलिए हमे क्वालिटी के ऊपर
ध्यान देता हैं। गांधी हमें पुराने इंटरनेशनल मार्केट में
लेकर आए, उसके ऊपर कमिया के दूसरे देशों की जनता विश्वास
करे, भरोसा करे। आदरणीय मंत्री जी के हम यह सजेक्ट करते
चाहेंगे कि वे क्वालिटी की इम्प्रूव करने, पुराइंजन को
कमीट करने और इसमें efficiency को बढ़ाने के लिए ऐसी कोई
नीति तैयार करें जिससे व्यापार में हम जो वांछित रहे हैं, उस
परिबंध को दूसरे काम जाए सके।

महोदय, इंटरनेशनल मार्केट में हमारी इंडियन करेंगी की
डे-बाई-डे साइट हो रही है। वर्ष 2008 में डॉलर की कीमत 45
रुपये थी, जो आजबड़ कर 56 से 58 रुपये के बीच में चल रही है। यह
बहुत चमत्कार का विश्वास है। मंदी अमरिका में चल रही है। मेरे
से पहले एक मैनेजर सरकार की ओर से बोल कर गये हैं। उन्होंने
सभी गांधियों का ध्यानदार किया कि अमेरिकन मंदी का, विश्व व की
मंदी के भारत की अर्थव्यवस्था पर असर नहीं हुआ। मेरे यह जानना
चाहता हूँ कि आप और कैसा असर देखना चाहते हैं?
महोदय, आशिक मंदी तो यू.एस.ए. और यूरोप में है, लेकिन इंडिया के पुष्प वीक हो सकता है। जो डॉक्टर हमें 45 पुष्प एवं 56 मंदिर में विलक्षण था, वह आज 56 और 58 पुष्प भी मंदिर है। तो इकावाको के क्षेत्र में यह हमारी बैठकी capability है, इस बारे में भी ध्यान दिखा जाए। क्योंकि इस का बहुत विलक्षण असर हमारे एक्सपोट /इम्पोट बजिनेस के उपर, खास तौर पर इम्पोट करने वाले व्यवसायियों पर पड़ रहा है। मैं आप को मान्यता से मंदी जी तो यह अपील करना चाहिए कि हमारे इम्पोट व एक्सपोट के बजिनेस में लगे व्यापा रिश्तों को परम्परा करने की नीति बनायी जाए। महोदय, अभी एकाधिक्य के क्षेत्र में जुड़ा इम्पोट करना पड़ रहा है, लेकिन अभी भी बहुत जमीन ऐसी है जिसे हम waste रखे हुए हैं, वहाँ कार्य की है। अगर हम उसे पर्याप्त utilize करे, उस के लिए हम कोई strategy बनाएं या पूरा लागू करे तो हम इस दिशा में आगे बढ़ सकते हैं और जहां हम एकाधिक्य सेक्टर में इम्पोट करना पड़ रहा है, उसे कंट्रोल कर सकते हैं। महोदय, इस के अभाव में लेडर के वरिष्ठ मैं कहाना चाहिए। खास तौर पर एक्सपोट और इम्पोट के बजिनेस में एस.सी.ए., एस.टी.ए. और बी.सी.ई. की नुसाइंग 00.1 परसेंट है। जब तक हम समाज के इतने बड़े सेक्टर को participate नहीं कराए, उस का परम्परा नहीं करेंगे, उस का involve करने का लिए नीति नहीं लाए। यानी, हम अपने इस बजिनेस को परम्परा नहीं कर पाएंगे। महोदय, मैं मंदी जी के यह अपील जकर करना चाहूंगा कि जो आप का एक्सपोट /इम्पोट रिश्तों एंड इकोनोमी विधि हैं, उस का क्या रोल है, उस में क्या रिश्तों की हैं, क्या कारण हैं कि हम इस सेक्टर में decrease कर रहे हैं, वे सारे आंकड़े हम सदन में रखे क्योंकि हमारी अब तक की नीति कारगर साबित नहीं हुई है जससे के कारण यह downfall आरंभ है। आप उस को overall review करें। यह यज्ञ अच्छा है, लेकिन इस देश का लाखों करोड़ रुपया इकावाको की वजह से लुप्त गया है। तो अब जहां हम इस बैंक की कॉपीटिव बढ़ा रहे हैं, इस की पूर्वार्थ मानदंडिंग के लिए दो इकावाको और एक सामन्त बना रहे हैं, मैं कहना चाहिए कि उस से भी एस.पी.ए., एस.टी.ए., और बी.सी.ई. को isolate न रखा जाए। उस मैं भी उन की नुसाइंग को ensure करिए।

महोदय, यह उम्मीद रखते हुए कि मंदी जी suggestions दर्शा हैं, उन के उपर आदर्शीय मंदी जी जकर विचार करें और आप जों
SHRI MOINUL HASSAN (West Bengal): Sir, I would like to place here some observations regarding the Bill. It is a small Bill, but it has a big impact on the trade and commerce of our country. The Exim Bank was established in the year 1982 to financially help the exporters and importers of our country. In this Bill, I have seen, it is proposed to increase the capital from Rs. 2000 crores to Rs. 10,000 crores. I have no objection to it. But my objection is, as my friend Shri Piyush Goyal has said, that if you see the concerned official website you will not be able to make out what type of help the small exporters of our country will get. Sir, as you know, Khadi and Handloom sector, Cashewnut workers, diversified jute products, fisheries are all labour-intensive areas, but they are not getting any help from the EXIM Bank. All these which I have mentioned here come under the purview of the MSMEs. Actually, common people are working there. So, I feel that the Ministry should address these areas which are in a vulnerable situation so far.
My second point, Sir, is regarding the trade deficit. In the last week, during the Question Hour, the hon. Commerce Minister said that there was a trade deficit in our country. He also gave some data. Sir, the growth of trade deficit in our country is very much alarming. If you see the figures of the last two, three months, you will find that the growth of our export has plummeted to a mere 4.2 per cent. At the same time, imports are up by a whopping 29.1 per cent. This is, actually, widening our trade deficit. I think, if any intelligent person goes through the financial activities of this sector, he will say that in the entire financial year, the deficit may touch 200 billion dollars. It is very much alarming and not good for country’s trade health. In this perspective, my suggestion is that the Government should encourage the small exporters through the EXIM Banks. The EXIM Bank serves only the corporate world of our country. They are not for the common man or the agriculturists.

Sir, my third point is this. As you know, Sir, very recently, there has been a continuous depreciation of the Indian rupee. At one time, it was a hit, that is, at 54.20. But, now, it is an all-time low. Why is this happening? One of the important reasons being the FIIs pulling out huge amount of money from the Indian market. I know, in all the Asian markets, the same thing is going on. Thus, right from the inception, we have been told not to depend on the FIIs. It is hot money. Any time, it can go out. This is what is happening now. What is happening in the domestic market? Our big bank RBI does not intervene timely. They have already intervened but not timely or adequately. That is my point. The import amount, especially of oil, has increased. We are importing 70 per cent of our oil requirements. If the import price of oil goes up, ultimately, it is transferred to the weak shoulders of the common man of our country, because they have to purchase oil for cultivation and other purposes.

Sir, another point I would like to mention here is that in the Bill, there is a provision to nominate two Directors. What the criteria is, I do not know. But, as far as my experience is concerned, I have seen that many of the officials who are appointed as Directors throughout the country in different Banks have no experience of the financial sector. They are appointed in consideration of their political
background only. This is a dangerous situation for the financial sector of our country and also for the smooth running of the financial institutions, like banks. So, I would like to know from the hon. Minister whether he has set out any criteria or not for this purpose, or, only some political people will be nominated as a Director in the Exim Bank.

Sir, it is a fact that national economics is slowing down. There is a substantial increase in the NPAs of the Banks. It is mainly due to the default on the part of the private cooperatives. So, my question to the hon. Minister is, what is your proposal to protect our banking system from such serious NPA syndrome?
Sir, I have observed that, some time, an option is provided for the settlement of the NPA. What is the theory or the basis of that? The words used are, 'Something is better than nothing.' It is a proverb of English language. But I firmly believe and it is my conviction that there is something behind the curtain. So, it should be looked into properly. The NPAs are very, very risky so far as the present-day banking system is concerned.

Sir, I want to make only one point so far as the export-import is concerned in regard to agriculture. I would like to provide you one data. We are importing edible oil every year. What is its worth, Sir? It is worth Rs. 39,000 crores. The Indian farmers are ready to produce all that in India itself if he is given a subsidy of Rs. 15 per kg of oil. But we are not giving it to them. So, we utilize this huge Forex to import edible oil. The same thing is done with regard to dal, pulses, etc. So, there is no comprehensive attitude towards import-export in our country. Trade deficit is growing. We are importing our consuming goods. Our agriculturists are not getting proper subsidy. This is going on. In this perspective, I want to know the comprehensive outlook of the Government towards all this.

With these words, I conclude. Thank you.

SHRI N.K. SINGH (Bihar): Thank you very much, Sir, for having given me this opportunity.

I think that the consideration of this Bill is a useful opportunity for us to consider why the Export-Import Bank, so far, has not become such a viable and vibrant and a durable instrument for export promotion.

Sir, if you look at other large emerging economies, look at the size of the Export-Import Bank of China, even with this Rs. 10,000 crore infusion, it will really be a micro institution. I am not talking now of the more developed economies. In Japan, the J-Exim is one of the most viable powerful instruments for promotion of Government’s overall economic policy. In China, Sir, the Export-Import Bank of China has played an exceedingly important role in terms of promoting Chinese exports in multiple directions.
So, I think that this Bill, Mr. Minister, provides you an opportunity to consider how to make the Export-Import Bank a viable and a durable instrument for, at least, three things. First, achieving much higher levels of product diversification than has been possible so far. Our product diversification remains rather skewed and rather limited. Second, as a viable instrument for destination diversification, for the reasons which the Ministry of Commerce and Government is very well aware of, unfortunately, the recognized destinations of our exports have not only slowed down but for the next few years are likely to prove very sluggish. So, what can we do to diversify export destination and export products? This is something which you might like to consider.
Then, Sir, I think that the second broad activity is to see how the Export-Import Bank works in tandem with the Export Guarantee Corporation, the EPGC, which is another very viable instrument. I think that you need to take a joint look at the working of both the Exim Bank and the EPGC to be able to find out one very important area, namely, what you can do in troubled times of this kind in terms of risk mitigation. The riskiness of exports in volatile times of this kind would have dramatically increased. Can these two entities between themselves be able to take on a much higher level of risk? I say this because, fortunately, the Non-Performing Asset of the Export-Import Bank is just a modest 0.02 per cent. So, I think that between the two organizations, if they increase that exposure and are able to take the risk of the exporters in a more creative and dynamic way, India’s export sluggishness would be better served.

Sir, I have mentioned also that the Minister, Mr. Meena, in his reply to this debate in the Lok Sabha, made a confessional statement in which he said, responding to criticism that Exim Bank was not providing enough credit to small and medium enterprises, that about 2.6 per cent of the credit was currently being given to the small sector. I think this is a matter of some shame in which the Exim Bank management should be asked to certainly increase their exposure to small and medium industries that this 2.6 per cent figure represents, if you ask me, a dramatically lower figure for the contribution of small and medium industries to the Indian economy and certainly to our exports.

I would just make two more quick points and I would conclude. Sir, project exports is another area where the Export-Import Bank has been very sluggish. It may have promoted products, but what about projects, project exports to African countries, project exports to Latin American countries, large project exports to Australia and other more nascent markets? A lot of the export earnings now rides on the multiplication of project exports and product exports. This is what the very mature economies do for themselves, and I think we need to emulate that.
Sir, finally, I think that the Minister needs to use this opportunity to realise the growing current account deficit, the sluggishness of exports, the growing external environment which is becoming less and less favourable for us and the consideration of the increase of disauthorized capital and, rightly, Government taking upon itself the power to make further increase in the authorized capital, as becomes necessary. This should be taken as an opportunity to consider some of these more fundamental issues to which I have drawn your attention.

SHRI D. BANDYOPADHYAY (West Bengal): Sir, I rise to support the Bill, but I have some concerns.
Sir, the Exim Bank is looked upon by the banking management as a bank, like a cafeteria, where doors are open, customers may come, take money and go away. But, as the previous speaker, Mr. N.K. Singh, had said, the Exim Bank is not merely a bank. It is basically a promotional institution. Now, the hon. Member has given the examples of Japan and China. The Exim Bank of Japan is a major thrust element, a driving engine promoting Japanese exports. So is the Chinese bank. Chinese goods are now flooding markets all over the world. Behind all this is the Chinese Exim Bank. Now, the Exim Bank was opened in 1981-82 specifically to boost our exports. I need not quote figures that my hon. friends have already mentioned. Today, the trade deficit is burgeoning and it is creating a horrendous problem. The classical economic theory says that you de-value your currency and your exports would go up. That was one of the basic pillars of the neo-liberal economic policy of 1991. We had two quite quick depreciations of the rupee in order to boost exports. But now, we have the lowest ever value of rupee which ranges between 52 and 54 against the Dollar and our exports are seen to be languishing. So, Sir, this time the Government should look at the whole performance of the EXIM Bank properly to see whether it is performing just a banker’s role or it is acting like a banker with promotional role. It should promote the export and then finance it. So, this is where, I think, the contradiction lies. The whole European invasion in India took place because of allurement of spices and gold. They came for spices and for gold. We are one of the best producers of spices. What special efforts are you taking to market our spices in the whole world? We have got so many Export Promotion Councils; we have got so many Commodity Boards. Is the EXIM Bank in touch with these Promotional Councils or Commodity Boards and find out what exactly do they require? I fully endorse the point raised by my friend, Shri Moinul Hassan, that we are not giving much importance to our agricultural sector, the labour-intensive sector, handloom sector and the handicrafts sector which have tremendous potential. By importing more, in fact, what we are doing is that we are providing incentive to the regeneration of economies of
those who are languishing our own exports. While supporting the Bill, I request the Government, through you, Sir, to have a relook at the role and performance of the EXIM Bank as is necessary to change its charter from a banker’s bank to a promotional bank.

श्री महेंद्र मोहन (उत्तर प्रदेश) : धन्यवाद
उपसभाप्यक्ष महोदय, “The Export-Import Bank of India (Amendment) Bill, 2011” पर जो चाहा हो सी है, उसने मेरे साथियों मे बहुत सी बातें कही है। मैं माननीय मंत्री महोदय से आपके माध्यम से यह कहना चाहूँगा कि एक्ज़म बैंक, जिसे 1982 में स्थापित किया गया था, ताकि हमारा एक्सपोट बढ़े, समृद्ध तथा भीड़ियम सेक्टर को ज्यादा मदद मल्ल, उस उद्देश्य में यह बर्ल्युल पेश हुआ है। इसका एक महत्वपूर्ण कारण यह है कि आज भी एक्ज़म बैंक के जो बोर्ड ऑफ डायरेक्टर्स हैं,
जिसमें सरकार के निर्देशों के अनुसार चार पृष्ठफेर एक्सप्रेस होने चाहिए , उनकी वेबसीट आज भी पढ़ी हुई है ,
कोई भी पृष्ठफेर एक्सप्रेस बोर्ड ऑफ डायरेक्टर्स में नहीं है , केवल सरकारी अधिकारी ही यहां पर हैं। या उन्हें के चेयरमैन है , लेकिन वे भी सरकार द्वारा ही नामित किए जाते हैं। इसलिए अगर एविज़म बैंक को एक सरकारी विभाग के रूप में ही चलाना हैं तो इतना अलग से एक स्टेटस का उपयोग किया जाए , उससे कोई लाभ प्राप्त होने वाला नहीं है। एविज़म बैंक के मुख्य उद्देश्य यह था कि हमारे एक्सप्रेस बटे , हमारे सामान एंड मीडियम सेक्टर में फाइनेंसिंग बढ़े जिससे वे गुरों कर सकें। जैसा कि मेरे पूर्ववर्ती ने बताया , सामान एंड मीडियम सेक्टर में केवल 2.6 परसेंट का एविज़म बैंक का एक्सप्रेस है , जहां पर हमारे एक्सप्रेस कहीं अधिक होते हैं।
हमारी इस फाइनेंसिंग की बौछार अब चली गई है , इसके लिए , मैं आपके माध्यम से हमारे मामलों में अलग माहिदार से बवाल करना कि इस ओर ध्रुवियां दिखी खांड की बौछार अपने ऑफिस्टर्स के अंदर जो पृष्ठफेर एक्सप्रेस होने चाहिए , उन्हें यहां पर लाया जाए , जिससे उनकी पृष्ठफेर एंडवाइज़ में सके और एविज़म बैंक के जो मुख्य उद्देश्य है - एक्सप्रेस एवं इम्पोर्ट में सहयोग देता , जिससे इम्पोर्ट में अर्थी फाइनेंसिंग हो सके तथा हमारे एक्सप्रेस के अंदर भी अर्थी फाइनेंसिंग करके हम उसे आगे बढ़ा सकें। इसके साथ ही साथ मैं यह जस्ता कहना चाहूंगा कि जिस पृष्ठफेर से हमारा ट्रेड डिफिसिट बढ़ रहा है , जिस पृष्ठफेर से हमारे ट्रेड डिफिसिट में एक्सप्रेस में अजाएल लगभग 4.2 परसेंट भी इन्क्रीज़ है रही है। और इम्पोर्ट में डिफिसिट में 29 परसेंट की गुस्सी आ रही हैं , यह हमारे लिए बहुत ही खतरनाक चीज़ है। इसको भी हमें देखना चाहिए। इसके अलावा रजिस्टर बैंक को लेकिन को और भी मैं आपका ध्यान आकर पत्ता करना चाहूंगा। जब डॉम की वैल्यू गियर रही थी और हमारा संयो ऐप्रिशन रहा था , तब रजिस्टर बैंक ने इंटरवेशन किया और इतना डॉम खरीदा कि जबकि डॉम की वैल्यू पुराने के मुकाबले 30-32 परसेंट होनी चाहिए थीं , उसे उन्होंने
40, 42 और 45 रुपए पर मैलेटेन कराया। जबसे कितने हमारे एक्सपोटर्स को भी भला हो और हमारे इम्पोटर्स में भी कॉस्ट न बढ़े। आज जहां हमारा ट्रेड डेफिसिट बढ़ रहा है, वहीं अब हम डॉलर को पहले तीन महीने के अंदर 45 रुपए से 52 रुपए तक पहुंच गए हैं, जबसे कारण हमारी सारी इनपुट्स कॉस्ट बढ़ रही है, हमारे पेट्रोलियम पोर्डर्स की लागत बढ़ रही है, हमारे जबसे भी इनपोटर्स हो रहे हैं जबसे कितने मेक्युफोर्चरिंग सेक्टर में हमारी कॉस्ट बढ़ रही है तो रजिस्ट्रेशन क्वो नहीं कर रहा है, जबकि हमारे पास रजिस्ट्रेशन है, सारी चीजें हैं हमें अपने डॉलर को वेल्यू के देखभाल किया हमारा रुपया बिस्तर बनाने हो। अदरांशर जो डेफिसिट बढ़ता चला जा रहा है, इससे तो अपने प्राथमिक के टाइम पर भारत सरकार अपने और रजिस्ट्रेशन को कम करता चली आयेरी, जैसा कि हमारे इनपुट्स पीयूष गोमत जी ने बता था कि हमारे ऑर्डरिंग रजिस्ट्रेशन कम हुए हैं। लेकिन अगर टाइमली हमने इसमें रजिस्ट्रेशन बैंक से इंटरवेशन नहीं कराया तो हमारे रजिस्ट्रेशन के ऊपर बहुत बुरा असर पड़ेगा और हमारे देश की साख नीचे गिरी हो, क्योंकि जब रुपए की साख गिरती है तो देश की भी साख गिरती है। इस ओर भी इन्हीं ध्यान दें देश चाहिए। यह एक बहुत अद्भुत कदम है कि वे अपनी कंपनी को दस हज़ार कॉड कर रहे हैं और इसमें यह अधिकार भी सरकार ले रही हैं कि हम उसको जब चाहें और भी बढ़ा सकें। लेकिन यह जो बढ़ाया जाए, ऐसा न हो कि उस रुपए को फर्श केवल ऊपर
को हैं इंडस्ट्रियल स्टांडर्द के बीच मैं हूँ बाढ़ जाए और उन्हीं को हैं फाइंग की जाए। जो एक में सेक्टर हैं समावेश एंड मीडियम का, जिसकी माध्यम से हम एयरक्लार पूर्वाकात की भी आगे बढ़ते हैं , हम दूसरी चीजें को भी आगे बढ़ते हैं , उनकी और भी ध्यान देने जामा चाहिए और उन पर एक्सपोजर बनाना चाहिए। मैं यह समझता हूँ कि ऐसा कुछ निष्ठम बनाया जामा चाहिए कि जों समावेश , मीडियम इंडस्ट्रीयल स्टांडर्द हैं , जो एक्सपोजर मैं लगे हुए हैं , कम से कम एजिम बैंक उन पर अपना एक्सपोजर 15 से 20 परसेंट अवशेष रखेंगे , जिसमें कि उनको एक सहायता मिलेगी और वे सुगर कर सकेंगे और कम्प्यूटरिज़ेज़ के साथ वे आगे बढ़ सकें। इसके साथ ही इसमें और बोर्डर कटर की नियुक्ति के लिए भी उपलब्ध रखता हूँ। निर्धारित रूप से ऐसा कुछ दिखाया होना चाहिए कि हम उनको बोर्डर कटर एजिम बैंक मैं लेंगे जिसे कुछ फाइनेंशियल अनुभव हो और जो एक्सपोजर हों , जिसमें कि हमको गाइड कर सकें कि हम एजिम बैंक के माध्यम से कुछ उपलब्धि पा रहे हैं। एक उसका टार्गेट होना चाहिए कि हम जी मैं कम से कम अपने एक्सपोजर मैं इसी प्रकार इंडस्ट्री एजिम बैंक के माध्यम से करें हैं। उनका इतना सपोट मिलिया चाहिए कि हमारे एक्सपोजर को पाने के लिए , कभी एजिम बैंक की जो उद्देश्य था जब 1982 में इसकी स्थापना की गई थी , कि इससे हमारे इंडस्ट्री बढ़ने और एक्सपोजर भी बढ़ाएंगे। इंडस्ट्री मैं भी फाइनेंशियल कराएगे , जिसमे कि कम लाभ के ऊपर हमारे इंडस्ट्री वर्गसंघ हो सकें। उन सभी चीजों को ध्यान मैं रखते हुए मैं बाढ़ से हूँ कि मानियों मंगी महोदय इन बातों की और ध्यान दें और बोड़ ऑफ ऑफ एजिम बैंक मैं जो वेक्सेसीज की दुःख हैं , इन्हें भरे , जिसमें कि हमारे इस बैंक की साख बढ़ और इस बैंक के माध्यम से हम अपने एक्सपोजर को बढ़ा सकें और हम अपने रुपए को भी मजबूत कर सकें। ऐसा में उनसे नियुक्ति है।

DR. ASHOK S. GANGULY (Nominated): Sir, I just wanted to make a brief intervention on the issue of EXIM Bank. I support the Bill that has been put forth. But, I think, the EXIM Bank is in the need of very serious modernisation. It has outlived its utility. Most large companies really don’t go to the EXIM Bank because they don’t provide any service which is of any special nature. I frankly don’t know that who goes to the EXIM Bank any more. It hardly covers risk. It is not
accountable; it is not in the banking radars at all. It does not
appear anywhere. If this Bill was not here, we would not have
discussed the EXIM Bank at all. Therefore, now that the exports have
become a national priority of even higher order, and given the
problems that we are facing in our international trade, I think, the
hon. Minister might consider very seriously getting expert advice,
especially in the area of marketing and promotion for the EXIM Bank to
continue to have its relevance. For example, lot of speakers have
mentioned about the SME sector. The SME sector does not really find
any access to the EXIM Bank because they don’t have a spokesperson;
they do not have a marketing policy. For the EXIM Bank, although
collectively, it could have been a great business, I don’t think the
EXIM Bank has any incentive to pursue the SME sector. Therefore, I
think, along with raising its capital, the hon. Minister might
consider setting some national target for the EXIM Bank, both for the
large sector, SME sector and the agri sector, as somebody just
mentioned. And, measure the performance of the management of the EXIM
bank based on these targets. Without those targets, the EXIM bank will
be another Government institution, about which we will only hear when
there is a need to raise its capital or some other things.
Recently, we had a meeting of the Prime Minister’s Council on Trade and Industry, and we complimented the Government on its ‘Look East Policy’. I would very seriously urge the hon. Minister to kindly communicate to the EXIM bank to have a renewed effort to look at the business opportunities in the rest of Asia. While the world is in economic crisis, Asia is thriving, and, most of us look at the west for opportunities. The EXIM bank could re-launch itself by doing business with the east initiative.

I strongly urge the hon. Minister, through you, Mr. Vice-Chairman, to re-launch the EXIM bank as a 21st-century institution rather than remain as a moribund bank of the 18th century, which was of utility at that time but which has outlived its utility. I thank you, Mr. Vice-Chairman, for having given me this opportunity.

SHRI KUMAR DEEPAK DAS (Assam): Sir, we have before us the Export-Import Bank of India (Amendment) Bill, 2011. The Statement of Objects and Reasons mentions, “It has become necessary to provide for an adequate capital base to the EXIM Bank to meet the requirement of capital arising from the significant business growth recorded by the EXIM Bank in the recent years”.

Sir, I agree that the proposed amendments would enable the EXIM Bank to make fresh borrowings, borrow to fund commitments under export Line of Credits, strengthen the capital base, enable the Bank to enhance single or group borrowers exposure limits and comply with regulatory requirements. Sir, this Bill has been brought forward to amend sections 4, 6 and 8. Before coming to the amendments in the Bill, I would like to bring before the House other related issues as this Bill is related to the economic growth of the country.

Sir, growth in money supply in the Indian economy dropped sharply to 14.4 per cent as on October, 2011 from over 16 per cent so far. It is likely to improve to 17.7 per cent by the end of the year. Government is definitely expecting the Bank credit to grow by 16.6 per cent, and,
bank deposits to grow by 17.9 per cent during 2011-12. This is what is stated in the Monthly Review of Indian Economy (November, 2011) by the Centre for Monitoring Indian Economy.

Sir, the latest Global Competitiveness Report of the World Economic Forum ranks India 56 out of 142 countries. Here, India’s ranking has actually been slipping, which was 51 out of 139 countries last year and 49 out of 133 countries in the year before. It is not a good sign of country’s future growth. We need a simpler approach to policy making and assessment of policy success. Economic growth fails to reduce unemployment. The World Bank advocates greater investment in infrastructure as a priority for generating employment.
Sir, the Reserve Bank of India estimated the GDP growth for the financial year at 7.6 per cent at the end of March 2012. This means the growth rate is not able to reduce the unemployment rate. What the Government needs to do is to exercise its fiscal power in formulating and enacting good structural policies that will encourage growth and employment.

I want to draw the attention of the hon. Finance Minister to this. The RBI has already lowered its projected growth forecast for the current fiscal to 7.6 per cent. Its earlier projection was eight per cent.

Coming to Amendment Bill, clause 2 suggests to increase the authorised capital of Exim Bank from Rs.2,000 crore to Rs.10,000 crore. I think it is not adequate. If we examine countries of our size like China and Japan, it should be at least Rs.30,000 to Rs.50,000 crore to promote the international trade.

Clause 3 of the Bill has a provision of appointment of two whole-time directors in the Exim Bank by the Central Government. Sir, we want such directors who know the objectives of the bank thoroughly, and who have specialised knowledge of agriculture-based economies and the MSME sector of India. Sir, growth of the MSME sector and agriculture sector depends on the functioning of the Exim Bank.

With these few suggestions, I support the Bill. I also thank you for giving me time to express my views.

SHRI NAMO NARAIN MEENA: Sir, nine hon. Members participated in the debate. I would like to thank all of them for their valuable suggestions, observations, and support.

Sir, before responding to the specific issues raised by the hon. Members, I would like to apprise the hon. Members and this august House that the initial authorised capital of the Exim Bank was Rs.500 crore. In the year 1999, through an amendment in the Act, it was increased to Rs.1,000 crore with a provision that the Central Government may, by notification, increase the authorised capital up to Rs.2,000 crore. Through a notification in May 2007, it was increased to Rs.2,000 crore. Presently, authorised capital of Rs.2,000 crore is
fully paid up.

Sir, the Exim Bank’s headroom for raising borrowings for financing its business growth is constrained by the Reserve Bank of India’s prescribed ceiling of ‘ten times the Net-owned Funds’. As on March 31, 2011, the Net-owned Funds of Exim Bank was Rs.5,030 crore and bank’s aggregate outstanding borrowings were Rs.45,128 crore leaving further headroom for incremental borrowings of about Rs.5,000 crore only. This increased capital base will enable the Bank to meet its obligations under export Line of Credits on behalf of the Government of India. As on 31st March 2011, Exim Bank had 118 operative LOCs to 53 countries, amounting to
6.3 billion US dollars. Further, on his recent visit to Ethiopia, the Prime Minister has pledged LOCs of five billion US dollars to Africa for the next three years.

Sir, the total business of Bank has increased from Rs.386 crore in the year 1982 to Rs.1,10,132 crore as on November 30, 2011. The strong business growth has been achieved by the Bank with a lean professional staff base of just 277 officers, representing business per employee of Rs.397 crore and profit per employee of Rs.2.82 crore. Its assets quality is considered good with net NPAs only 0.20 per cent of its loan portfolio. Exim Bank has been consistently making profits since its inception and has paid dividend to Government every year. The Bank’s performance compares favourably with its peer Exim Banks in other countries as well as with the financial sector in India. Going forward, the Bank will continue to play a key role in export Lines of Credit, overseas investment of Indian companies and project exports from India.

Sir, now, I would like to reply to some of the issues raised by hon. Members. Shri Piyush Goyal, initiating the discussion, raised various issues. One issue was that exports in the country have grown at a faster rate than the lending of the Exim Bank. Sir, I would like to inform him that during the period 2001-2011, the loan assets of the Bank have grown at a CAGR of 24 per cent whereas during the same period of ten years, Indian exports recorded a CAGR of 21 per cent. It means, the credit growth was higher than the exports. He and several other Members, Shri Mahendra Mohan, Shri Moinul Hassan, Shri N.K. Singh, Shri Bandyopadhyay and Shri Ganguly raised one issue that Exim Bank has not done enough to support SME sector and small scale industries sector. Sir, I agree with the hon. Members that the support to SME sector needs to be increased. But, the targets of SME sector are fixed by the Government. In respect of Exim Bank, in 2010-11, a target of Rs.1160 crore was fixed; against which, Exim Bank provided credit of Rs.1196 crore. It means that it achieved the target. Exim Bank’s loans to SME sector was to be 2.6 per cent of the total loan portfolio. However, Exim Bank’s export Line of Credit to foreign Governments and overseas institutions, its credit to foreign buyers and re-finance to commercial banks... ...if these figures are excluded
from total loans, asset to the Bank, the share of lending to SME sector works out to be seven per cent of the direct loan portfolio of the Bank. In addition, large exporters and trading houses sold goods and services from SME sectors. In addition, the Bank offers a range of financing in services/products for SME and has set up a dedicated SME Group.

Sir, Shri Piyush Goyal raised another question on coordination with other institutions, the facilitation issue. Exim Bank is the nodal agency for Working Group which clears, for export purposes, about 100 million US dollars. Exim Bank works closely with the Export Promotion
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Council, Trade and Industry Associations, Reserve Bank of India, ECGC etcetera, to promote and facilitate Indian entities and international traders.

Another issue raised by Shri Goyal was that the Capital to Risk Asset Ratio is very high. Yes, Export Credit Agencies around the world have a high capital adequacy ratio. It provides medium to long-term credit predominantly on the lines of credit supported by Government, hence, carrying a zero risk rate. In case of Exim Bank, potential norm for limit of borrowing is prescribed as "10 times the Net-Owned Funds" by the RBI. At present, Exim Bank has already touched the ceiling. Increase in capital will allow Exim Bank to expand its business.

Several Members including Shri Piyush Goyal, Shri Kumar Deepak Das, Molinul Hassanji, Mahendra Mohanji, have raised the issue that Exim Bank does not have Directors with expertise. Sir, as per the Act, four Directors who have special knowledge of all professions, experience in export or import or financing thereof, are appointed on the Board. Currently, these positions are being filled. They are in the process of filling up, and the process is a slightly lengthy one. Whenever they are positioned, they will have all the qualifications as provided under the law.

Several hon. Members, including Piyush Goyalji, N.K. Singh Saheb, Avtar Singhji, Hussan Saheb, had raised a number of relevant issues, but not directly connected with this Bill. Some of them such as depreciation of rupee, increasing trade deficit, fiscal deficit, and so on and so forth, are broader micro issues, not directly connected with this Bill. However, I have noted them. Their observations and concerns will be looked into.

Sir, several Members including Shri Narendra Budania, N.K. Singh Saheb, Ashok S. Gangulyji, suggested that the Exim Bank should explore new markets. Sir, on the lines of credit to foreign governments and oversee financial institutions, in the Flagship Programme of Exim Bank, as on November 30, 2011, the Bank has 148 operative lines of credit to 72 countries with credit commitments aggregating Rs.38,763 crores. These 72 countries are in the developing region of Africa,
Asia and Latin America including markets in Ethiopia, Guyana, Senegal, Sudan and Tanzania, and also neighbouring countries like Bangladesh, Nepal and Sri Lanka. These are for a variety of sectors like power generation and transmission, infrastructure, industries, rural electrification, railways, urban transport, etc.

One hon. Member, I think, Moinul Hassan Sahib, has raised a question about the NPA. As I have already mentioned in my reply, the gross NPA of Exim Bank, as on 31st March, 2011, stood at Rs.478 crores as against the total loan portfolio of Rs.46,000 crores. This constituted 1.04 per cent. Its net NPA is to be considered to stand at Rs. 93 crores. It is 0.2 per cent. The Exim Bank’s NPA level is the lowest in the banking industry in the country.
Shri N.K. Singh has raised a question as to what the Exim Bank is doing for project exports. As on 31st March, 2011, over 335 project contracts valued at approximately Rs.1,12,000 crores were entered into for execution by 73 Indian companies in over 58 countries across Asia, Africa and Europe with the Bank’s support.

Shri N.K. Singh also wants to know about the Credit Guarantee Corporation. The Exim Bank has been working closely towards export promotion. Recently the Exim Bank and ECGC have launched a new project, Project Export under the National Export Account to promote project exports from India.

Shri Ashok Ganguly has raised a point that the Government has to fix the target to monitor the performance of its management. The Government fixes the annual statement of intent for the banks which include targets for total business, project exports, SME credit, lines of credit, etc. Against the said target performance, it is nil.

With these words, I commend the Bill for consideration of the House.

THE VICE-CHAIRMAN (PROF. P. J. KURIEN): Thank you Minister. You have replied to every point. The question is:

That the Bill further to amend the Export-Import Bank of India Act, 1981, as passed by Lok Sabha, be taken into consideration.

The motion was adopted.

THE VICE-CHAIRMAN (PROF. P. J. KURIEN): We shall now take up clause-by-clause consideration of the Bill.

Clauses 2 to 4 were added to the Bill.

Clause 1, the Enacting Formula and the Title were added to the Bill.

SHRI NAMO NARAIN MEENA: Sir, I beg to move:

That the Bill be passed.

The question was put and the motion was adopted.

The Factoring Regulation Bill, 2011
THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): Mr. Vice-Chairman, Sir, I beg to move:-
That the Bill to provide for and regulate assignment of receivables by making provision for registration therefor and rights and obligations of parties to contract for assignment of receivables and for matters connected therewith or incidental thereto, as passed by the Lok Sabha, be taken into consideration.

Sir, The Factoring Regulation Bill, 2011 seeks to provide a comprehensive legal framework for factoring business. The Bill was introduced in Lok Sabha on 24th March, 2011 and was referred to the Standing Committee on Finance for examination and report thereon. The Committee has recommended enactment of the Bill subject to some modifications and the Government has accepted all major recommendations of the Standing Committee on Finance, namely, exempting sale of agricultural produce or activity of commission agents from the factoring business and grant of Stamp Duty exemption to the factoring transactions.

The Committee had also asked the Government to do wider consultations to ensure that there are no legal infirmities in the Bill. Accordingly, detailed discussions were held with a law firm, legal experts, the Indian Banks’ Association and the Reserve Bank of India. Based on their suggestions, some additional amendments were incorporated in the Bill primarily to provide greater clarity on the role and responsibilities of various parties in a factoring transaction.

The proposed legislation will provide a comprehensive legislative framework for development of factoring business in India by determining the rights, liabilities and obligations of the parties involved, besides mitigating the problem of delayed payments to Industrial and Commercial undertakings, especially the Micro, Small and Medium
Enterprises.

The question was proposed.

SHRI RAJIV PRATAP RUDY (Bihar): Sir, we have the Factoring Regulations Bill, 2011 before us. This Bill seems to be a big jargon of economic policies. It looks like a very small Bill, but it is a big jargon. So it becomes very difficult for the Members to follow it up when the Bill, not even listed yesterday, figures in the Business List in the morning and one of the Members is requested to speak on that. It becomes very, very difficult. But it is our job to be here. The general impression about the Members of Parliament is that they don’t work, but there are Members of Parliament, plenty of us here, including the Minister on that side, who prepare themselves and do find it inconvenient, at times, to prepare on subjects which are given at a very short notice, but we still make efforts because we are very concerned. The world must watch the Indian Parliament working now on such difficult issues.
This Bill basically relates to the rights of a person who has a small or a medium enterprise and he has low working capital. ये पैसे लोग होते हैं, जो छोटे उद्यमी हैं। उनके पास कैपिटल कम हैं, पैसे कम हैं और वे बड़े उद्यमियों को अपना सामान सौंपते हैं, अपना सामान बेचते हैं और यह जो क्रेडिट लाइन हैं, जो छोटी कम्पनी बड़ी कम्पनी को देती हैं, यह क्रेडिट लाइन बहुत छोटी होती है। This results in an exploitation. The world over there are institutions which work to buffer these things. This is called factoring where a third party, not exactly a third party but a third institution comes into play and it takes the burden of the credit and try to see that the debt which is created is redeemed. So it is a mechanism which possibly we have been trying to sort out in many different ways. And the first time, when an Act was introduced in 1993 for the protection of small and medium enterprises, the Act mandated that if anything is supplied to a buyer, it was mandatory to make the payment, and payment within a limited period of time. But, somehow, this did not, actually, work, and, most of the time, it became a fallacy. This Act was again repealed in 2006, and a new Act called the Micro, Small and Medium Enterprises Development Act was incorporated. Now, even after that Act, many of the things, which the small and medium enterprises wanted to achieve, could really not be achieved, and there was a committee which was set up by the Reserve Bank called the Kalyanasundaram Committee. Now, that Committee submitted its Report, and after that Report was submitted, post-1988, many of the nationalized banks, including the State Bank of India, the Canara Bank, etc., started creating this factoring operation. So, that was the first time the factoring operations for small and medium enterprises were started in this country, and even the ECGC started those operations. It was, basically, to start and create a working capital flow for small and medium enterprises. Sir, world over, factoring has been there for a very long period. But, in India, it has not been so organized. It is in a moderate form, and the factoring turnover in India is only 1.24 per cent of the average bank credit,
which is very small. So, basically, one has to understand factoring. Factoring is a high risk supplier to transfer credit risk to high quality buyers, and it is a very general term which I am referring to. Factoring has been there since the Roman times; we may be talking about it now. रोमन साम्राज्य में भी factoring होता था और हाल फिलहाल में हम इतिहास के पन्नों में आए , तो उसमें जो factoring की बात देखते हैं, that was in England in the 13th century as well. Today, factoring, overall, in the world, is to the extent of 540 billion U.S. dollars, which is a huge amount, and in the last five years, it has grown by 90 per cent. So, it is an instrument which is growing across the world; what we are talking about is not just for India. जो छोटे वक्रशील देश हैं, जैसे भारत हैं, इसमें इसका प्रभाव आने वाले दर्जे में बहुत ज्यादा दिखा। महोदय , इस विषय के जो मुख्य पुरस्कार किया गया हैं, it is to ban institutions from directly
entering into factoring business. Then, there are provisions to the
effect that there should be a Central Registry which carries the
complete details of all those people indulging in the Central
Registry, and that there should be a legal recourse, if the
commitments are not kept, or, if the provisions of the Bill are not
met. And, there are certain provisions of penalty and punishment for
those who violate this operation. But जब सरकार इस परिस्थिति के
प्रावधान लाती है, तो कहीं न कहीं यह दिखता है कि सरकार में कुछ विषय है। स्वामीधर्म तौर से यह विषय मान्यता के विषय है, पूर्ण चुनौती जो का विषय है, मीणा साहब का विषय है और देश के लिए महत्वपूर्ण विषय है। हम जो बहुत सारे वादलाव की वात कर रहे हैं, उसके तहत इस परिस्थिति के परस्पर सही हैं। मैं इस संदर्भ में कोई इस्तेमाल लेना आता इंतजार है, क्योंकि आज इतने में अगर आधिकारिक सत्ता के प्रावधान से देखा जाए, तो पता चलेगा कि पढ़ाई कई वर्ष से चाहे देश का प्रावधान मंत्री हों, चाहे देश के विषय मंत्री हों, हमेशा यह कहते हैं कि हम महानागर पर नविजेत्र लगाएंगे। खास करके खास सामग्री की जो महानागर दर है, वह लगभग 18 से 20 पुष्टिशत तक रहती है। The overall inflation has been limited to nine to ten per cent, but the food inflation has been whopping, and this has been an obvious fact. देश भर में ही नहीं, बल्कि दुनिया भर में देश का प्रावधान मंत्री जाते थे यानी देश के मंत्री जाते थे, तो पूरी दुनिया को यह बता कर आते थे कि देखिए, भारत एक ऐसा देश है, जिसकी पृष्ठभूमि की दर, the GDP ग्रोथ रेट इतना है और इतना इतना है, और वैकल्पिक दर की बात करते हैं, वह भी नीचे आता जाता रहता है। लेकिन आज इतने में जब देश का जवाब देना पड़ेगा, where it has come down to between 6.7 per cent and 6.9 per cent, तो पता नहीं, जोसी वैकल्पिक दर की बात करते हैं, वह भी नीचे आता जाता रहता है।

आज कल्सी भी इम्पोर्टर्स से बात कीजिए, तो पता चलेगा कि आज रुपए की क्षय सत्ता है, वह भी तब, जब कि भारत को इतिहास में और विषय कर बैठी सत्ता में जब कि इस देश का प्रावधान मंत्री इतना बड़ा आधिकारिक विषय हो। महादेश, इतनी बड़ी उपलब्ध दुनिया में कानून में बिन भी देश को नहीं मंत्री होगा, जिलमा कि इस देश को मंत्री है। वह यह है कि इस देश का प्रावधान मंत्री एक आधिकारिक विषय है, जो वर्तमान बैंक में रहता है, रजिस्ट्री बैंक के
गवर्नर रहे हैं और पहले एक सरकार में वित्त मंत्री रहे हैं।

duniya में इतना पढ़ा लिखा व्यक्ति कभी कस्ते देश का प्रधान मंत्री नहीं हुआ होगा।

जब शुरू -शुरू में मनमोहन सिंह जी सरकार में आये थे, तो हम वड़े उत्साह के साथ कहते थे कि भारत के इतिहास में पहली बार एक आर्थिक विश्वेष देश का प्रधान मंत्री बना है। उन्हें स्वाभाविक तौर से वो सब गुण थे, यह दुनिया जानती है, लेकिन जैसा मैंने कहा आज ये जो तथ्य उभर कर आ रहे हैं , वाहे वो महंगाई के बारे में हों ये इफ्लेशन के बारे में हों , आजहम इन सभी दिशाओं को देखेंगे।

Fiscal deficit is at an all-time high. I do not know how the Government is going to manage it, but fiscal deficit today continues to remain at an all-time high and there is absolutely no control over it. The Reserve Bank of India has increased the policy rates thirteen times in the last eleven months. I do not know why. It has dealt a severe blow to real estate, housing, manufacturing and automobiles. Take any sector of the economy, it is floundering, it has come down; आप कस्ते भी आर्थिक क्षेत्र में हाथ आले गए , तो ऐसा ही है।
महोदय, हम स्मॉल एंड मीडियम इंटरप्राइज़ के बारे में चर्चा कर रहे हैं। दुमिया में कहीं भी सूद की दर दो फीसदी, तीन फीसदी, सात तीन फीसदी या छात्र फीसदी है, लेकिन भारत में अभी रजिस्ट्री बैंक has brought the basic lending rate up to 8 per cent. No one is responding. How can any industry grow when the basic lending rate, which is given by the RBI, is 8 per cent? दुमिया में कहीं भी यह आठ प्रतिशत नहीं है। आज भारत भर में जो बैंक हैं, उनमें से कहीं कहीं lending rate 10 फीसदी से कम नहीं है। जो व्यापार को समझते हैं, जो व्यापार करते हैं या जो उद्योग लगाते हैं, आप एक तरफ उनके परोपकार की बात कर रहे हैं, उनके व्यवहार कीफिल्टल को परोपकार करने की बात कर रहे हैं, उनकी सप्लाई चेंच की बात कर रहे हैं, but, at the same time, the interests are so high that no entrepreneur can survive, and still you bring in such Bills. ...(Interruptions)... It is ten per cent. UE सम� बैंक अपना दो परसेट , तीन परसेट और लगाएगी। So these are some of the facts. Industrial production is falling. And it is, possibly - the hon. Minister can correct me - the first time in history that the industrial production has gone in the negative. इस देश में औद्योगिक उत्पादन नेटोटिंग में गया है, मैं समझता हूँ कि भारत के इतिहास में यह पहली बार हुआ होगा। Mining and construction, all, has come down and the revenue projection of the Government has dipped down.
होगा और आपका मंत्रिमंडल भी खतरे में पड़ सकता है। इसलिए इन सब
चीजों को ध्यान रखना चाहिए कि सुपर नस्लिक या सुपर बॉस
tके यहां से जब कोई पराधिक आये, कोई परस्पर आये, तो उस पर
ध्यान देना चाहिए।

We talk so much about FDI. Over the last two years, the total FDI
outflow has declined in this country. There is an UNCTAD report which
says that in 2008, it was 42.5 billion dollars, in 2009, it dipped to
35.7 billion dollars and in 2010, it dipped to 24.6 billion dollars.
You can see, perceptibly, that the world is refusing to invest in
India. They can make out that the economic situation is bad. They can
make out what the situation is. I would not like to comment on whether
the Government is functional or dysfunctional. The DIPP, a wing of the
Ministry of Industry, says that the equity inflow is also dipping. The
worst feeling is when the hard-earned money of this country goes out.
The outflow of FDI today is unmatched in history. And why is that?
हमारे देश के जो उद्योगपति हैं, उनको ऐसा क्यों लगने लगा हैं
कि दुनिया भर के उद्योगों में पैसा लगाना

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भारत के भीतर उस पूँजी को लगाने के बनिस्पत (अलावा) उपदान लाभकार है और उसका यह परिणाम है कि 2009 में भारत से बाहर जाने वाले जो FDI outflow था, वह लगभग 20 बिलियन यूएस डॉलर था। महोदय, 1 बिलियन यूएस डॉलर लगभग 5 हजार करोड़ रुपये के बराबर हुआ, तो 20 बिलियन यूएस डॉलर का मतलब एक लाख करोड़ का निवेश भारत से बाहर गया है और 2010 में बढ़कर, it has become 44 billion US$. That means, around Rs.2,20,000 crores of investments which could have come to India.

महोदय, जैसा कि सामान्य रूप से अर्थशास्त्र में कहा जाता है कि जब पैसा लगाया जाएगा, जब नविश कर जाएगा तो infrastructure होगा, उद्योग लगने और जब उद्योग होने तो रोजगार होगा। तो क्या सरकार बताना चाहेगी कि देश में ऐसी क्या सृष्टि हो गयी है कि the total overall investment outflow today is about 44 billion US$. महोदय, कल के अखबारों में मैंने पढ़ा कि पूर्णांक मंत्री जी ने इस देश के उद्योगपतियों को पृष्ठित बहुत नाराजगी व्यक्त की है। महोदय, उन के जवाब में कही अखबार की headline थी कि, 'PM’s lament is unjustified, the Government must buck up.' महोदय, देश के उद्योगपति क्या कह रहे हैं? देश के उद्योगपति देश के पूर्णांक मंत्री वह वलित मंत्री को कहते हैं, “There is a complete policy paralysis in this Government.” इस सरकार की लक्ष्य मारा गया हैं। "It is in a role reversal." मतलब जो मूँछ भी भारत में आगे बढ़ने को लिए होगा , हम उसना धीरे की तफ चल रहे हैं। इस प्रकार से the business confidence is a fact which has been said not by Rajiv Pratap Rudy or the BJP. These people are those who are aligned with the Government. These corporate people would definitely be with the Government because they want to be cozy with the Government, they want to work with the Government. They are the people who are speaking like that.

और अभी जब "फकिफ" के चेयरमैन ने कहा तो पूर्णांक मंत्री ने बहुत गुस्सा व्यक्त किया कि आज इस देश का कोई निर्देश दिखाया नहीं है। इस के साथ-साथ वलित मंत्री जी ने भी फी एच.डी. चेयर्स में कहा कि, सही इस देश के उद्योगपतियों को क्या हो गया हैं? ये लोग हमारे साथ नहीं चलना चाहते हैं। तो यह सब अपने आप में इस बात की ओर इंगित करता है कि देश के
The Hon. Finance Minister has recently said that the corporate India should cooperate with the Government instead of merely repeating grievances. The Hon. Finance Minister has recently said that the corporate India should cooperate with the Government instead of merely repeating grievances. The Hon. Finance Minister has recently said that the corporate India should cooperate with the Government instead of merely repeating grievances.

Having said all this, what has the Reserve Bank of India done in the last couple of months or a few years as far as the medium and small enterprises are concerned? The Reserve Bank of India seeing the growing credit facilities to the medium and small enterprises has warned them. I do not know what was the basis; but, the last September, it has warned them. 

Even the Finance Minister had meetings with the State Governments and the commercial banks and said, 'There is a large flow of credit going towards the medium and small enterprises, control it.'
Today, the medium and small enterprises contribute about 8 per cent to
the GDP, provides employment to about 60 million people, it accounts
to 45 per cent of the total manufacturing which takes place in this
country, it amounts to 40 per cent of the total exports of the
country. Out of this, 13 per cent is participated by women. It is an
inclusive action which the Government has been seeing. Today, the
requirement for credit in small, micro and medium enterprises is to
the tune of Rs.50,000 crores. That is what is required in the country
today. I appreciate the efforts of the Government on that part. But,
what are the factors which affect the medium and small enterprises?
What are those?

On one side, we are talking about an act which is very good, you
want to protect those who want to give credit and those who want to
sell their equipments or their merchandise. But, there is a dearth of
all-weather-good roads. Thanks to the then hon. Prime Minister Atal
Bihari Vajpayee, महोदय, देखा जा ए तो गुणोद्भावी योजना में we are talking
about a country which is a vibrant democracy. Today, less than 400
million households have electricity. In the Eleventh Plan, we had
planned to increase the power generation by 70,000 MW. भारत एक ऐसा
देश है, जो बहुल एंटरप्राइज्स पैलल बनाता है और गुणोद्भावी योजना में कहता है
कि हम इस देश के पावर जनरेशन 70 हजार भेकावाट बढ़ा एंगे और जब पिंडल आंकड़े आते हैं, तो वह 60
हजार मेगावाट के होते हैं। यह पाँच साल की योजना है। हमारे पड़ोस में चीन पूर्वति वर्ष कालिना बढ़ाती उत्पादन करता है, कालिना बढ़ाता है। हम यह पाँच साल के लिए 70 हजार मेगावाट की क्षमता करने की बात करते हैं, इसका यह टारगेट बना लेता हैं और चीन एक वर्ष में अपनी जो क्षमता तय करता हैं, वह एक लाख मेगावाट होती हैं। हम चाहे रहे हैं कि हम अपने समॉल एंड मीडियम एंटरप्राइज को प्रोटेक्ट करें, लेकिन हम इस आर्थिक नीति पर कब विचार करेंगे?

महोदय, इतना ही नहीं, आज मैं न्यायिक सुनवाई में था। वह एबाउट क्वाइंट चेंज की बात कह रही थीं। जलवायु परिवर्तन के बारे में, she was speaking. When I was hearing her, in the recent Conference, we heard at some point of time that China was saying, “We are ready to go in for a legally binding action, as far as our part is concerned”. Later they denied it, and there was a complete change. But, look at a country like China, by 2020. She specifically mentioned in the House, by 2020, we shall gear up to go in for certain obligations. Before 2020, thank God,
the Government of India is not committing, we are not committing, it is acceptable. But, after 2020, there could be a situation where we may have to go for legally binding agreements. By 2020, China would have completed their entire infrastructure, they would have completed their entire power requirement, and they would be ready for us leaving us high and dry. Now, here is a country with 1.26 billion people and we are taking credit in this. But here is a neighbour who is going to run over us very shortly. So, we have to start somewhere. The worst which is going to be affected in this whole process, Sir, would be the micro, medium and the small enterprises. So, this has to be kept in mind.

Sir, the other factor which is affecting the minor and medium enterprises is corruption. I don’t want to talk much about corruption because the other House is talking about the Bill on corruption and things like that. But it is a fact that the small and medium enterprise man has to face a challenge today. Corruption is there, it is part of his life and he is challenged. And that is why there is a growing anger.

Mahoday, आजयह जों देश के हालात हैं, इन पर सब लोगों के अपने - अपने दिशाएं हैं। मेरी कल्पना अलग हैं, यह जो मेरे मस्तिष्क मान कर रहे हैं, होता है। कि मेरी पार्टी का मुद्दा, -पाइप्ट इसमें अलग हों, सोशल पश्चात होमा चाहिए। महोदय, लेकिन कर्मचारी के विश्वास पर इसरों सरकार ऐसे मिट्टी कम एंडप्राइजेज एफ्कटेड होंगे। आज एक तरफ वेल्च्याखा जों देशात मंजिल हैं, गरीबी के बीघ में हैं, उससे इस देश में नक्सलियाँ का पर्यावरण बढ़ता जा रहा हैं। वहां गरीबी और वेल्च्याखा को दिखाया आए 650 ज़िले में सेट 250 ज़िले उनके पर्यावरण क्षेत्र में आगा हो, जो बहुत दुर्भाग्यपूर्ण यह हैं। एक तरह का गुर्जर आजदेखता भी हैं, there is an anger of the people against the Government, whether ‘A’ Government or ‘B’ Government in the State or in the Centre. But there is a generally growing anger in the people against the political set up on the issue of governance, on the issue of accountability. On the other side, in the urban areas, बहुत सारे लोग इस घराना -पर्यावरण में जा रहे हैं, उनको पता भी नहीं होता कि हम कस्ती लिख आए हैं? क्योंकि their aspirations are growing. Someone wants a new television; someone wants a new i-pad;
someone wants a Tablet; someone wants Samsung; someone wants a new motorcycle. Now, these aspirations are coming together. If these aspirations are not met, they say, “Look, these politicians are stealing away all your wealth”. Now, there is a growing distress and accountability feature on politicians, and it is a telling story on the entire political system of the country. We have to give a serious thought to it. I do not know whether this platform is okay or not, but 60 years down the line, we all tom-tom that we have the most functional democracy in the world. Here is a Government in this system where an Independent MLA — this happens in no democracy in the world, let me say we are the most vibrant democracy — without any political party, without any ideology is elected as Chief Minister of a State. He continues to rule that State for two-and-a-half years. After these two-and-a-half years he is caught stealing about Rs.5000 crores and he
lands up in jail. He lands up in jail and there he is beaten up by the wardens of the jail. This is a very vibrant democracy, Sir, where an Independent MLA leads a State of three crore people or four crore people. This is democracy. So, there is growing anger against corruption. We have to get into a debate. In the last 63 years, we have moved official amendments to the Constitution and we have amended the Constitution 95 times. And we are calling the most functional democracy. Sir, I can tell you about corruption, whatever people may have to say, that unless we devise a system where elected representatives like us, MLAs and MPs are not segregated from holding Executive positions, this is not going to happen. Today only those people should come to Parliament who are interested in legislation. Half of the people who are coming to politics are those who want to get close to power. There is a big debate needed. This is one thing, which we are saying, though not related to this but corruption cannot be handled unless and until the political class becomes good. The political class can only become good if the system is set correct and we are more accountable. Here we have to become an MLA, we have to become a Minister, we have to become an MP and we have to come to Government. We should segregate the elected representatives from holding Executive positions coming from a majority party. I am not a votary of Presidential Form of Government, but a debate is required because all these issues of accountability and governance are hitting the people, people are standing on the street. We are going to have a tough time. If we do not address these issues of Government today, the situation is going to be from bad to worse. Sir, I drifted a bit but I thought it is the right forum to address my colleagues and say that we have to start thinking, otherwise, things are going to become from bad to worse. Sir, when we are talking about MMEs, there are only about 15 lakh MMEs and unregistered MMEs are about 2.5 crores. That is a very large number. The total investment in the MMEs, micro, medium and small enterprises is about Rs.4 lakh 50 thousand crores and the total employment is about 5 crore 99 lakh. Now, this Bill is meant to affect all of them. We are concerned about it. I think this is a very good
proviso which is being brought here and this would enable the SMEs to concentrate. The basic feature is once this Bill is amended and enacted, it will move the concentration of small and medium enterprises from talking about recovery of money, about losing money, etc. This would be talking about sales and production. This is the basic fundamental of this Bill which is very good, Sir. India is only about 2.2 per cent of the global factoring business which I have already stated. The world business is about 545 billion USD which would be around 1325 billion Euros in business. I think this Bill needs to be supported. Sir, the last word is here, before I conclude. I will absolutely stick to my time. In 2008 China which is, of course, the most growing market of small and medium enterprises, its trade is about 50 thousand million Euros, USA is about one lakh million Euros,
UK is about one lakh 88 thousand Euros. UK is substantially high. I have a very small submission and I think my friends from the Left and even from my own party would agree to certain points that where there is a loss made by corporates then what happens is that you have CDR, Corporate Debt Restructuring. अगर कोई कंपनी है, जबकि बहुत बड़ा नुकसान हो गया है - 50,000 करोड़ चुके थे या 70,000 करोड़ चुके हैं - तो उसके लिए देश में एक पतवार हैं कि वे application दे सकते हैं और कहते हैं कि let us restructure the debt. So, their efficiency is not counted, their pilferage is not taken into account. Their wealth is considered as national wealth because a large exposure of the banks is there. If they lose money, the banks will lose money.

So, the banks come together and say, ‘let us restructure.’ My businessmen-friends would say that I am being non-reformist. But, when a small and medium enterprise man, who has about Rs. 2 crores or Rs. 3 crores or Rs. 4 crores, उसका पैसा अगर शून्य जाता है तो शून्य हो दो। साहब, यह देश इस तरह से नहीं चलेगा। Restructuring is a policy. Bankruptcy कह देइजए , restructuring कह देइजए , तो जसका 10 हज़ार करोड़ कः नुकसान हो, 20 हज़ार करोड़ कः नुकसान हो; तो बैंक उसके साथ वैठकर बात करता हैं कि इसके कम बैंक बैठे जाए, लेकिन जसका एक या दो करोड़ कः नुकसान हो, उसके साथ कोई बातचीत नहीं करता। उसको मरने के लिए छोड़ जा सकता है। Sir, the functioning of the Government can be reflected here. This is my last point as I am running out of my time. This year, it is eight-year high. आठवां में सबसे ज्यादा इस बार हैं, that the big corporate have asked for a restructuring of the debts for an amount of Rs. 34,000 crores! I am sure this figure must have been with you, because this figure has been given in reply to a question in Parliament. तो आजआपके पास वैसा ही पूरस्तात हैं कि 34 हज़ार , 35 हज़ार करोड़ कः घाटा हैं और इस देश में बड़ी कंपनियां घाटे में हैं। The losses being incurred by big companies. So, there is a request from them. But, our humble request or my colleagues humble request or my friends’ who are the on the Left and the Centre humble request is that the same
feeling and the heart should be kept for small, medium and micro enterprises, because the viability, export, industrial production is not exclusively limited to big corporate houses, it is also due to small, medium and micro industries. And, we all come together to support and stand by you if your view-point as far as corporate is concerned is the same for small and medium enterprises. Thank you.

SHRI RAMA CHANDRA KHUNTIA (Odisha): Sir, I rise to support the Factoring Regulation Bill, 2011. As has been pointed out by the hon. speaker who was speaking from the other side, this will benefit around 5 crores of workers who are working in small and medium-scale industries. The small and medium-scale industries invested around Rs. 4.5 lakh crores. So, definitely, it is a good Bill and I do appreciate the effort of the Government.
The Bill provides for and regulates assignment of receivables by making provisions for registration therefor and rights and obligations of parties to contracts for assignment of receivables and for matters connected therewith or incidental thereto. So, the question is, this Bill intends to help the medium and small-scale industries. As has been mentioned by the previous speaker also, there is a Report of the Kalyansundaram Committee. The industrial and commercial undertakings, especially ancillary, micro, small and medium enterprises continue to suffer delay in payment, non-payment of their dues, interest or delayed payments. As a result, in many places, the workers are also affected. It is not only the small and medium-scale industries that are affected, but workers are also affected. There may be some industries where the payment is not paid to the workers. And, sometimes, the workers payment is delayed. In some places, there is retrenchment, lay off, etc., which has been going on all over the country for a long time.

As has been mentioned by the hon. Member, there is a Report of the Kalyanasundaram Committee, Bhogal Committee, Report of the Task Force appointed by the RBI, Report of the National Commission on Enterprises in the Unorganised Sector in 2009 by Shri Arjun Sengupta which also recommended some innovative financing instruments such as factoring, venture capital, credit rating and single, multi-purpose credit card for the unorganised sector on the pattern of Kisan Credit Card, etc. Here also, he emphasized on factoring. This factor is not very much popular in our country, though many hon. Members has said that it is very much active and a substantial percentage of transaction is being done through this factor. So, this is definitely a useful Bill for the small and medium-scale enterprises and also for the general workers. While supporting this Bill, I think, the hon. Member has also made some comments about the other functionings of the Government, which is not correct. About power generation also the hon. Member has said that we are not able to achieve the target of power generation. It is a fact. But why? Look at the fact that the power generation target is given to the State Governments and is also given to the private sector. They are not able to achieve the target. So, we should jointly try to achieve the target, instead of criticizing each other. If the
State Governments are not able to achieve the target, if the private sector, that is, the industrialists, about whom the hon. Member also mentioned, are not able to achieve the target, the whole target set for the country cannot be achieved. That's why we should jointly try to achieve the target, whether it is power sector or any other sector.

Although it is not the opportune time to discuss here about corruption and the Lokpal, but since the hon. Member has made a reference, I would like to mention here that the UPA Government is the only Government who has created a very, very powerful instrument in the form of RTI, which can effectively be used to fight against corruption. I believe, it is because of
this instrument that one after other scandal cases have been exposed. And, this instrument, that is, the RTI, is the gift of the UPA Government. The UPA Government has given this legislation to this country.

The recommendations about the small and medium-scale enterprises had been discussed in the Indian Labour Conference also. Not only this, they were also arguing for the factor. They were also arguing for the exemption of Labour Act rules in various cases. They were also arguing for various other things. But among those things, I think, this factor, which is also very much useful for the payment of Bills and can also play a very important role in case of sales and aftersales service. This Bill, in all respects, is very much useful and helpful for this country. I think, this Government has done a very excellent job by bringing forward this Bill. I think, all the recommendations of the Standing Committee have also been accepted. So, I do not want to take much time. I, once again, support the Bill. And, I think, this Bill should get a unanimous support from all the parties and all the Members.
बैंकिंग के रूप में उसको स्थापित करना चाहती है? जब तक इस मुद्दे को माननीय मंत्री जीं सुपूर्ण न करे, तब तक यह कंप्यूटर देखकर जनता के सामने मुझे अभी बनता हुआ लगता है। महोदय, इस बलि के जरिए आपने लघु और सूक्ष्म उद्योगों को उपयोगिता माल के विक्रय में लगे लोगों को उपविभित करने के उद्देश्य जाहिर किया है। इस बलि के पीछे सरकार की यह रणनीति हमको यह नजर आई कि जो लघु उद्योग है, जो सूक्ष्म उद्योग है, उन पर उपयोगिता माल के विक्रय को उपविभित करने के लिए नवीनतम लागा गया है, लेकिन यह लघु और सूक्ष्म उद्योगों में कौन-कौन से उद्योग शामिल होंगे, यह भी इस बलि में सुपूर्ण नहीं है। उद्योग, लघु उद्योग को तो इसमें नामित किया गया लेकिन वो उद्योग कौन-कौन से होंगे, कौन-कौन सी वीडियो इसमें शामिल होंगी, यह दीनों भी हमको इस बलि में नजर नहीं आई। माननीय मंत्री जी से मैं जिज्ञासा रखूंगा और यह अनुरोध भी करौंगा कि कृपया वो अपने उत्तर पर मैं इस बात पर जरूर पुकार शाब्दिक कि आखिर उद्योग और लघु उद्योग से उनकी मंशा क्या है? महोदय, मैं आपकी माध्यम से माननीय मंत्री जी से अनुरोध करूंगा कि कृपया इस बलि में गुड़ मंडी उद्योग, सब्जी, अनाज, मछली पाषाण उद्योग, कच्चा इन कारोबारियों को भी इस उद्योग में शामिल करने की सरकार की कोई सोजना है? महोदय, यह बात मैं इसलिए
कह रहा हूँ कि हमारे देश की 70 फीसदी आबादी खेत, किशन और मजूर के साथ जुड़ी है और यह 70 फीसदी आबादी देश के लोगों के लिए फल और सब्जी कर उत्पादन करती है और यहीं 70 फीसदी आबादी गुड़ और खाद्य पदार्थों को संचालित करती है और यहीं 70 फीसदी आबादी मछली और उसी चीजों का उत्पादन करती है, लेकिन सरकार ने इस बड़े तबके को, जबकि रसिक देश के 70 फीसदी लोगों से जुड़े हैं, इस पर सरकार ने कोई भी जोर इस बिष्ट पर नहीं दिखा है। हमें चाहिए इस बात की है कि परस्परागत व्यवसाय से जुड़े हुए लोगों के विकास आप कैसे करेंगे, उस पर आपकी क्या योजना होगी? महोदय, मैं यह बात इसलिए कह रहा हूँ कि आज हमारे सामने कोई भी सरकारी योजना का लाभ देखने के लिए जब तक हम लोग, हमारी संख्या, हमारे साढ़े और खास तौर से उन तबकों को, उन लोगों को जो देश के लिए कच्चा मास, फल, सब्जी, मछली या गुड़ का उत्पादन करते हैं, जब तक आप इस बड़े तबके का लाभ की योजना देश की योजना बनाने का काम इस बिष्ट और यह सरकार की नीतियों में नहीं करते, तब तक देश का सर्वोत्तम विकास मुझे संबंध नजर नहीं आता। महोदय, एक बहुत ही चाहिए की बात खास तौर से मैं कहना चाहता हूँ कि हमारे देश में लाभार्थी को जरीए, नदी-नालों को जरीए, बड़े विस्तार के जरीए मछली खाद्य अपनी जान जोखिम में डालकर मछली पालन का काम करते हैं। महोदय, आप दिम्बे ऐसी घटनाएं सुनने और जानने के लिए मिलती रहती हैं, कि मुख्यमन्त्री नदी में दूध जाते हैं, अनावधिक कई तरह की घटनाएं हो जाती हैं लेकिन विभिन्न हमारे देश की है कि मछली पालन करने वाला व्यक्ति, जो अपनी जान के जोखिम में डालकर मछली पकड़ कर संपादित करते हैं जो जाता है या आदतियों के पास ले जाता है या व्यापारियों के पास ले जाता है, उस मछली पालन को, जो अपनी जान जोखिम में डालकर समुद्र से मछली पकड़ता है, उसके मछली की कीमत 30, 40 या 50 रुपये किलो मिलती है, लेकिन जो मछली का व्यापार करने वाले व्यापारियों हैं, वे उस मछली को सुखाकर या पसंदिक कर या किसी अन्य तरीके से फाड़ झुटपाये हैं जहाँ मैं 1000 रुपये किलो के भाव से सेवा करते हैं। महोदय, मैं आज खासतौर से देश के मछुआरों की बात कहना
चाहता हूँ जो हमारे देश में बड़े पैमाने पर मछलियों का उत्पादन करके देश के लोगों को मछलियों से उपलब्ध कराया गया है। मैं माननीय मंत्री जी से जानना चाहता हूँ कि क्या आप इसको भी लघु उद्योग का दर्जा देंगे? क्या माननीय मंत्री जी इसको भी सूचसंग उद्योग का दर्जा देंगे? क्या इनके लिए भी कोई नया तरीका कीमत तय होगी? महोदय, ऐसे बहुत सारे सवाल हमें इस बलि में नजर आते हैं, जब भी प्रश्न पूछना राजा करने की आवश्यकता है।

महोदय, जम्मू-कश्मीर में सेब की खेती होती है, हरियाणा प्रदेश में सेब की खेती होती है और बहुत सारे पंजाब में सेब की खेती होती है। अब सेब की खेती करने वाले किसान जो पूरे साल अपनी खेती में मेहनत करते हैं, उनका कुछ पुरबंध करता हैं, खाद जीजा का पुरबंध करता हैं और अनेकों बार बहुत कठिनाइयां भी आती हैं कि औला पड़ जाता हैं, अधिक बर्षां हो जाती हैं, वह बेवारा पूरे साल काम करता हैं और जो कुछ फसल उसकी बचती हैं, उस सेब को जस्ता ही पूरे साल मेहनत करके कमाता हैं, उसकी कीमत उसे 20 रुपये क्लिष्ट या 25 रुपये क्लिष्ट के हस्तांतर हो जाती हैं, लेकिन आदती, वही आदती जो बड़े-बड़े शहरों में
बैठे हैं, उसी सेह को खरीदते हैं और जब उस सेह की सेह होती हैं
तो वह 125 उपयोग करते हैं। क्या सरकार का युद्ध उस सेह
उत्पादक किसी को पूर्वत भी इस बुलिया के जरिए से उसके फायदे
के लिए कदम उठाने का है?

महोदय, आजआएका संकट आया है। सरकार और देश के सामने यह
स्थिति का वश्य है कि आनुभव की सामने जीवन का संकट इस लिए
पैदा हो गया है -- पंजाब के अंदर हमने देखा है कि पंजाब के
किसी ने तीखा-चाँद महीने जाए में, कड़क जाए में आलू को
बोरा, उसके लिए खान-बीज की वनस्पति की और जब आलू बनकर तैयार
हो गया ...।

THE VICE-CHAIRMAN (DR. E.M. SUDARSANA NATCHIAPPAN): I would like to
remind you that you have got another speaker from your Party.

श्री नरेन्द्र कुमार करण : महोदय, मैं समाप्त कर
dुःख। महोदय, जब आलू बनकर तैयार हुआ, तो जिस किस्म ने
महीना उसके उत्पादन के लिए अपना पैसा इन्वेस्ट किया, अपनी
tकत लगई, आज वह किस्म मजबूत में मंदी की वजह से, आलू की
मंदी की वजह से उसे सहजों पर ऐसे ही छोड़कर जा रहा है। जिस
किस्म ने आलू बोरा था, उसे उम्मीद की थी कि मैं फसल उगाना,
उसे मुहँ सेह महिलाएँ और उसे मैं इख पूरी खेती को अच्छा
करना। महोदय, आजनब किस्मों के सामने आर्थिक संकट पैदा हो
गया है। खासतरी से सबजी उगाने वाले लोग, क्योकि इस बुलिया
में आँठी शब्द को हाईलाइट किया गया है, हम
ग्राहक -देखते हैं रात होने वाले हैं, आमूल आँठी का सतलब होता है
मंदिरों में, बड़े -बड़े बाजारों में सहियाँ की आदत करता,
फलों को स्टोर खरीदकर व्यवहार। हमारे देश में जो सबजी उगाने
वाले किस्म है, जिसको हम छोटा किस्म कहते हैं, जो खासतरी से
मूली, गाजर, धनिया इत्यादि की फसल पैदा करता है। वह किस्म
छोटी खेती करके जब अपने माल को मंदी में लाता है तो आजके
बाजार की स्थिति हमारे देश में यह है कि उस सबजी उत्पादक
किस्म की फसल का दाम भी उसे नहीं मिलिया है, आजनबों की अपनी
फसल का पूरा
पैसा नहीं मिला होता है। जो किस्म गाजर से कस्बे या शहरों
में अपनी फसल को बेचने के लिए आते हैं, उनको जब मामूल होता
है कि मंडी में सही दाम नहीं मिले रहा है, तो वे सड़कों के किसी या रास्ते में फसल के छोड़ जाते हैं। महोदय, आजहरारे देश के सामने इस तरह की समस्या पैदा हो गई है कि जो कस्टन है, मज़दूर हैं और खासतौर से फल-सब्जी तथा मस्य पालन से जुड़े हुए उत्पादक हैं, वे अपने आपको ठगा सांस हस्ताक्षर कर रहे हैं। क्या सरकार ने इन छोटे फल तथा सब्जी उत्पादकों को लें इन आदतियों के लिए, कोई नीति बनाई है?

महोदय, अभी पूरे देश में गुड़ की सीजन चल रहा है और खासतौर से उत्तर पश्चिम, पंजाब, हरियाणा, मध्य पश्चिम तथा राजस्थान में यह सीजन चल रहा है। ये सभी North India की सूचना हैं, जबभी रहने वाले छोटे कस्टन चीनी उद्योग के साथ-साथ गुड़ के कोशुं व करैशर स्वीच भी चलाते हैं। ये लोग गुड़ बनाने के बाद जब उनकी मंडियों में sale करते हैं, तो उनके सामने यह परेशानी पैदा होती है कि उनके गुड़ के सही दाम नहीं मिलते, जबसे उनका कारोबार ठप्प हो रहा है।
4.00 P.M.

SHRI TAPAN KUMAR SEN (West Bengal): Sir, I rise to present my views on The Factoring Regulation Bill, 2011, that intends to provide for and regulate assignment of receivables.

Sir, the Bill is intended to serve the interest of the MSMEs. At least, that is what the Statement of Objects and Reasons says. Now, this provision of factoring is meant to take care of the problem of delayed payments suffered by the micro and small enterprises, which supply products to the big brothers who don’t pay them money and flex their muscles instead, face a serious crunch of working capital and are ultimately ruined. So, this mechanism of factoring has been invented to be used as an instrument in order to address that situation. An Act was legislated in 1993 for that purpose but it had failed. In the Statement of Objects and Reasons it has been said that it had failed. Thereafter, in 2006 again, another Act was legislated. It is a broader Act, the Micro and Small Enterprises Development Act, 2006, meant for their development. Even there a provision was made that special initiatives would be taken to address the problem of delayed payments from the big corporates, because small and medium enterprises basically work as ancillaries to the big enterprises. I am thankful to the Government for, at least, admitting that that too has failed. I particularly remember that Bill because that was the Bill on which I had made my maiden speech in the year 2006. The fact remains
that even though a declaration was made and a pious intention was expressed in the Bill, nothing at all was done on that Bill. Again, in 2011, the Government had come with another Bill reiterating the same instrument which had failed in 1993. And now, what is the mechanism? It is quite amusing to look at it. The small and medium enterprises supply their products to the big industries but they don’t get payments. It is an unlawful thing. Instead of directly addressing the problem, Government is bringing an instrument in between. An agency would be collecting the delayed payment from the big companies to give them back to the small enterprises in lieu of a commission or a charge. Why should the small MSMEs that supplied their products to the big enterprises pay for commission again? This is the tragedy of our economic policy paradigm.
When small and medium enterprises suffer, they don’t get their legitimate dues while supplying their product to the user, the big company and they are being charged a commission to realize their due legitimate payment. But when the biggies face economic problem no less than the Prime Minister immediately expresses his concern over them in public media that something must be done to bailout them. That is a tragedy. These are the big companies again which deliver most of the non-performing assets to your banking system; not the small-scale industry. Out of the total NPA that banks are suffering, 90 per cent are from big corporates, and you are running after them to restructure their equity. The very recent example is in Delhi. The Discoms was not being able to pay to NTPC for the power supply. The NTPC threatened them that they would disconnect the supply. They told that it was not getting money from bank. So, the Government is running to restructure their equity, prevailing upon the bank to give them loan so that they are rescued. But so far as the small and medium-scale enterprises are concerned, they are left to die. What is the theory there? That you can’t compete in a competitive environment, so you have no business to remain in business. आप धंधे मैं नहीं रह सकते हैं , आप जाँचए because you are unfit to survive in this competitive environment. So, for the small and medium-scale enterprises, it is the competition that matters but for the big companies the Government give them red-carpet welcome to rescue them from all distresses. This is how the whole of your governance is getting corporatized and is getting pocketed by corporate agents. They are using public money and looting public money. On the other hand, for small and medium-scale enterprises, which contribute 45 per cent of manufacturing production of the country, contribute 40 per cent of your export performance and generate employment for lakhs and crores of people, you are enacting another agency to give their legitimate dues to them. Your governance has become so helpless and hopeless that you are now putting in place another agency without teeth and political will to serve the small and medium-scale enterprises, to ensure the payment of legitimate dues to the MSMEs. I think the Government, as a whole, must owe an answer to this. Secondly, the Act of 1993 failed; the Act of 2006 failed and now
in 2011 you are bringing another Bill with an intention that it will not fail. But the Bill does not ensure that it will succeed. However, this Bill is going to make certain provisions, but if the factoring system does not succeed what will be the fate? Some provisions are there for penalty and all these things but there is no provision of penalizing the debtor who has taken the supplies and is not paying the supplier, the small-scale industry. No such provision is there in the Bill. In many places, your Bill is not consistent. One clause of the Bill is not consistent with the other. Let me point out in clear terms. Your clause 8 of the Bill is not consistent with clause 18 of the Bill. They are contradictory with each other so far as the interests of the assignee, the assignor and the debtor are
concerned. I think the Government must address and clarify this issue of contradiction and inconsistency between clauses 8 and 18 of the Bill. Then, I feel, it is important to recognise the fact that SMEs have little negotiating power. So, through this mechanism, it should be ensured that they get regular and timely payment of their supplies made to the big industries. Some mechanism needs to be incorporated here, if this time, in 2011, we want the Bill to succeed and realise its real intended objectives. But, how are you going to put it? It is crucially important. At the same time, you are putting in an intermediary between the small-scale industry and the big suppliers to realise their payment. I think, the provisions in the Bill are not enough to regulate the factors if the factors start playing nuisance.

[THE VICE-CHAIRMAN PROF. P.J. KURIEN in the Chair]

The big industries have much bigger clouts. Who will be ruined by the factoring company? Will it be small-scale industries or the big clients, the big brothers? They have the big clout to dominate the factoring company against the interests of the SMEs, for whom you are introducing this factoring company system altogether.

Another aspect is there which has not been taken into account. You are opening a floodgate for the Government to be looted again. Why? Because among the small and medium-scale industries, there is a big chunk, not even a smaller chunk, which is the big team of the big industries. They open a small unit as a supplier unit to the big company and they try to take the advantage of whatever special incentive you are giving to the small-scale sector. It is that big team of the big companies who are trying to get all the benefits using the clout of the big companies, their clout in the corridors of the power, their nearness with so many biggies in the Ministries and other areas. Using their clout in the corridors of power, they are beating the small scale industries and taking the advantage. The genuine SMEs stand to deprive. What protection are you giving in this Bill? There is nothing in this Bill, although the intention is a welcome intention. The thing is that you really did not analyse why your Act of 1993 failed, why your pious
intention in the 2006 Act failed, and again, in 2011, you are bringing another Bill with the same intention. There is no guarantee that this will succeed. The provisions in this particular Bill do not provide any such guarantee. Based on the previous experience, you should have seen that, at least, this time, this Bill should not fail. Nothing is there to ensure that. The hon. Minister may kindly clarify this because after six years, you will again bring another Bill making the same statement. There will be nobody, at that time, to ask as to why you did not do it. What is the net result? The particular community is targeted for whose benefit, this Bill is brought - the small and medium enterprises. They are the biggest employers. They are one of the biggest
contributors to exports. They are one of the biggest contributors to the country's manufacturing output. They can't afford the luxury of not producing and keeping the factory open. Big companies may have that luxury. They can keep their factories open and still not produce. They can produce at an opportune time when they will get the proper price. The smaller companies just cannot afford to do so - keeping their switch on, keeping the power supply and paying the power bills without producing anything. That was the condition. The Government has not properly given its thought, its focus on this reality being faced by the small and medium-scale enterprises. They have not taken care. They have not analysed the reasons for failure of the 1993 Act and the 2006 Act. They have come with another piece of legislation, but they have not taken into account the reasons for which the previous exercises have completely fallen. In view of your intention, we are not standing in the way of the Bill, but, at the same time, I would like to insist upon the Government to please reconsider this Bill. Don't bring in commission agents. Don't expect the common people of the country to get their legitimate dues, through commission agents in between, from parties to whom they have supplied goods. Tomorrow, you will say, a worker, in order to get his wages, will need an agent in between. Yes, it is there at workplaces where contract system is there. From the principal employer, the contractor is getting Rs. 5,000/- to pay the workers, while only Rs. 2,000/- are paid to the workers. That is also another kind of system of commission agents, and, you are promoting that unlawful system everyday. The Bill is yet pending in your cabinet hovering from Ministry to Ministry to address this basic problem of contract issues.

So far as the payment to MSMEs is concerned, you are engaging a contractor in between. I don't think that it is going to really serve any purpose so far as the small and medium scale enterprises are concerned. This is again going to fall flat. This is my apprehension. I shall be the happiest person if my apprehension is proved false. But, better late than never. I am not standing in the passage of the Bill but I am questioning your intention; I am questioning the intention of the Government. I am saying that you don't have the basic
good intention and will to really help the marginal and small scale enterprises. You have brought again a Bill to show to the gallery, well, for the MSMEs, you have brought a Bill to help them out. *(Time-bell rings)* I disdain with this kind of approach, and, I demand that the whole approach should be renewed, and, the whole thing should be reworked. Thank you.


SHRI D. BANDYOPADHYAY (West Bengal): Mr. Vice-Chairman, Sir, I support the Bill because it is one of the Bills, which has addressed, or, at least, technically solved the problems
of the micro, small and medium enterprises in getting their legitimate and legal dues. Now, it appears from the Bill itself, that bringing in a factor is a new innovation. It is not a new innovation in the Indian history. East India Company used factors for the exploitation of the Indian masses. In fact, if I recall correctly, Mahatma Gandhi’s first public action after coming from South Africa was in Champaran District in Bihar against the indigo factoring arrangement, a middleman, which they used to have a long time ago. Then, with the efforts of Mahatma Gandhi, the indigo factoring system was abolished in Bihar and the rest of India.

So, factor itself has a rather historically pejorative connotation but I don’t look at that now. The point is that it is a well-intentioned Bill. The micro, small and medium enterprises cannot approach the big ones. They don’t have the bargaining power. They are not consolidated. They have no unions, and, they don’t have any spokesman. So, they suffer, languish and go bankrupt, and, there is nobody to care for them.

So, it is a very-well intentioned Bill. Mr. Tapan Sen has made some apprehensions. It is quite correct but I hope his apprehensions are proved wrong, as he himself has said, and, I wish that things work out well. My only submission to the hon. Minister is that what is applicable to the micro, small and medium scale industrial sector is equally applicable to the farmers. Why do the farmers go for distress sale? They go for distress sale for exactly the same reasons. They don’t have working capital. They borrow money from the moneylenders. The moneylenders tease them, torment them, torture them, and, then, the farmers have to go to the market for distress sale.

Mr. Vice-Chairman, Sir, through you, I would like to ask the Government why don’t they bring in similar factoring arrangement in the agrarian sector to prevent distress sale and farmers’ suicides, which is going on for the last fifteen years. The other day record was placed in the House according to which between 1995 and 2010, 5,55,000 farmers committed suicide in India because of indebtedness. The same problem
of indebtedness is there. Sir, why doesn’t the Government bring in a similar sustenance for farmers? With these words, I support the Bill. But I only caution that twice it failed; it should not fail the third time. The mechanism for doing this is very feeble and fragile. It should not only be a part of the RBI, but it should also be a part of Companies Act. It should be a specific offence in the Companies Act. If the companies fail to redeem their pledges, they should be straightaway prosecuted in a court of law. That should also be brought in here. With this, I support the Bill. Thank you very much.

श्री महेन्द्र मोहन (उत्तर प्रदेश ) : उपसभाध्यक्ष महोदय , 
मुझे बोलने का मौका देने के लिए आपका बहुत -बहुत धन्यवाद।
महोदय, गवर्नर्मेंट assignment of receivables के बारे में यह जों factoring का बलि नाई है, यह एक बहुत ही अच्छा विधियक है, इस रूप में कि इससे Micro, Small and Medium Enterprises के बहुत आराम मिलिगा।

The Objective has also been very clearly mentioned here. It is to address the issue of resources management for the Micro, Small and Medium Enterprises Sector. But the question will be of implementation. In 1993, a Bill was brought and then in 2006 also a Bill was brought. But the implementation part could not be done properly and they failed. Here the question is that the powers are being given to the Reserve Bank of India. It provides for empowering the Reserve Bank to issue directions. The question is that Micro, Small and Medium Enterprises जो भी परोक्ष तक करके अपने से बडी कंपनी के देती हैं, they have a very little margin of profit. Until and unless proper directions are given that a minimum commission is charged by the factoring business, then it is quite possible that they will suffer a lot because their margins are very low. And if the factoring agency, which is doing the business under the licence whether it is the NBFC company or a bank or any other corporate identity, charges high commission of factoring then a problem will be there कि उनका पैसा तो मिलिगा , लेकिन फकि उससे वे धारण कैसे करेंगे , अपने उद्देश्य को कैसे चलाएंगे ? इसलिए , आपके माध्यम से मानमीय भरी जी से भे मेरा अनुरोध है कि इसमें वे इस बात का विशेष ध्यान रखे कि micro, small and medium enterprises की जों factoring कराई जाए , उसके लिए जो नियम बनाए जाएं उनका सख्ती से पालन कराया जाए।

सर, इसमें एक दूसरी धीर बहुत महत्वपूर्ण है। Factoring के बाद इसमें इस पक्ष का परिवर्तन भी है कि यदि उसने factoring से पैसा ले लिया है और बाद में हमारा जो principal buyer है, जिसके किंवे debtor थे, अगर उसने वेरेंट नहीं की है, तो factoring agency उस entrepreneur से अगर small, medium या micro enterprise से पैसे को reclaim भी कर सकती है। Let it be a risk of the factoring business. वह जो व्यक्ति कर रहा है, अगर वह पैसा नहीं आता है तो जो entrepreneur है, जिसने सम्चाई किया है, जिसने
पैसा लिया है, उसके पास वह पैसा रहना चाहिए, वह उससे रक्षित नहीं कबिला जामा चाहिए, अन्यथा परिवार वही हमारे small, medium and micro enterprises के entrepreneurs कठिनाई में आ जाएँगे। इसके लिए बहुत आवश्यक है कि इस प्रकार की चीजें इसमें रखी जाएँ।

इसके साथ - ही - साथ factoring business के अन्दर हम लोगों ने देखा था कि कुछ स्टेट्स इस पर स्टाम्प इपूंटी लगा देती हैं, तो इसमें ऐसा कुछ पूर्ववधी कर दिया जाए कि किसी भी स्टेट को यह राइट न दिया जाए। अगर यह पूर्ववधी कर दिया गया है तो बहुत अच्छी चीज है कि कहीं पर कोई भी स्टेट इस पर स्टाम्प इपूंटी लेकिन न कर सके, क्योंकि जैसा मैंने आपसे कहा कि यह small, medium and micro entrepreneurs जो होते हैं, वे बहुत छोटे - से माजिंग पर काम करते हैं और यदि उनकी cost of production इस तरीके से बढ़ जाएगी तो उनके realisation के लिए इतनी दक्षिण आ जाएगी और फिर उनके लिए बहुत कठिनाई की बात होगी। इसके साथ - ही - साथ इसमें कल्याण सुन्दरम कमेटी की रक्षितेशंश वगैरह के प्रभाव
With these words, I hope that the small, medium and micro industries will get benefit of this Bill and they will get working capital at cheaper rates than the banks and others, and they will be in a position to implement this and produce more for the country. Thank you.

DR. E.M. SUDARSANA NATCHIAPPAN (Tamil Nadu): Mr. Vice-Chairman, Sir, thank you very much for the opportunity. Sir, I support this Factoring Regulation Bill, 2011. This is one step further to help the small and medium scale industries which are suffering for want of financial help. Sir, already the banks have been giving loans at a rate around 15.5 per cent and above to the small and medium scale industries. Therefore, the small, medium and tiny scale industries are suffering. When they suffer further and when they do not get the price for the goods or services which they are providing to the buyer, this particular system of factor comes into play. A banker or a nonbanking industry or any such person or cooperative industries come into the picture and they become the factor carrying that burden of payment of interest upon them. Therefore, three persons are involved here and the small scale enterprises are going to get a price, in or around 30 to
85 per cent, immediately on entering into this agreement. But, unfortunate thing happening is that the companies or the so-called multinational companies or corporate bodies are not ready to come forward for such agreements and they are following their own principle of making belated payment. Therefore, many of the industries have closed down. But, people are interested to go in for agreement because big companies need not have an agreement with the factor for helping the seller. If they come forward, then, the factor is going to earn the money by way of interest and they are going to enjoy that interest. Therefore, finally, the issue is coming around that the tiny, small and medium scale industries are gradually dying without capital.

Sir, I would like to suggest to the hon. Minister and also the Government to look at the pathetic situation of these industries which provide employment to huge numbers. More han
49 per cent of the total employed people are from these industries. They provide huge employment. Many of the people after doing higher studies go in for entrepreneurship and start an industry. But, subsequently, when they could not face the financial crunch, gradually, they close the industry. Therefore, the Government should treat these tiny, small and medium industries similar to agriculture. Fortunately, in respect of agriculture, the UPA Government started to give loans at seven per cent after Pranabji took over as the Finance Minister. He announced about the reduction to the persons who are paying properly and that they will get at four per cent or 4.5 per cent. Similarly, the small scale industry entrepreneurs should also be given at the same rate. If they are paying properly, they should be given this type of loan at the rate of four per cent or seven per cent at least. Then only the industry can survive. No doubt, this particular assignment of the receivables is very much applicable in the American society. The American society is suffering because of this type of factor also. Many of the people are not being paid properly and the small-scale industries have to bear that burden, of receiving only 85 per cent and leaving the rest of money as ‘not recovered’. This is the suffering they are also going through. Therefore, when you are making this law, the non-banking sector can also go as a factor. We are now allowing them also. Already, the Reserve Bank of India, through the Special Team Report, has allowed them to pay 25 per cent as ‘maximum interest’. It will swallow the person’s total capital. Therefore, the industries should be looked in a proper way. While the Finance Minister is moving this Bill, I request that small-scale industries which are having Rs.1.5 crores should be exempted from paying the excise duty to that extent. This was done ten years before. Now, the price is heavily going up; the rupee value is going down. At this juncture, 1.5 per cent is a very, very small amount. Therefore, the exemption limit of Rs.3 crores should be increased, in the coming Budget, to, at least, Rs.5 crores so that the small and medium scale industry people can benefit from that.

Similarly, Sir, the banks which are now lending to small scale industries are not giving concessions even in factor matters even
though the banks are having the factoring system. It is prevailing in all the commercial banks now. Public sector banks are also giving it, but they insist on giving further security for that purpose, more than this factor. Even though the present law is coming into force, they are not agreeing for receivables alone. They ask for more security from the enterprises. So, this factor should also be noted and they should not be compelled to give further security. It is not possible for the small-scale industry people to come out with that.

Sir, many of the concessions are taken away from them by the medium scale industries. Wherever they go for having commercial loans, in any bank, they are getting the priority, leaving out the tiny, small-scale industry people. Therefore, a separate reporting system should be
followed in all the public sector banks, assessing how much the tiny sector is benefited, how much the small-scale industry is benefited and how much the medium-scale industry is allowed to gain from that. Overall, SMEs are benefited by many crores. That is the reporting system. Now, the banks are following it. It should be seen that the tiny sector is given priority, that the small-scale sector is given priority while giving loans. If we do that in a proper way, we can see that these people are employed properly. This is the greatest benefit we can give and help them in solving the unemployment problem because a large portion of the working force is now employed here. Now, there are some new things also coming up from the UPA-II Government, that people who are interested in buying a small scale industry even from any other country, can go there; banks are lending money for that purpose. Many concessions are also given by the Government. Therefore, very encourageable things are coming. In a similar way, the cloud banking system is there; IT services are available now for the small scale things. These are all things done by the UPA Government. It is bringing the enactment separately for this purpose. For the protection of small scale industries, laws are coming one after another. There were several losses being exempted. That means, parallely, they can also enjoy through that law also. Hence, the intention of the Government is very clear, bona fide. But, at the same time, execution is done through SIDBI (Small Industries Development Bank of India). They are giving protection to the subordinate banks by giving security to them. But for industries which are going down, down, those financial institutions are all increasing the interest burden. That should not be done. It should be reasonable service charges alone. That should also be regulated by the Reserve Bank. It is appreciable. But we don’t understand as to how much burden the Reserve Bank can take like this. When already the cooperative banks are being looked after by the Reserve Bank, if this type of small factoring is also going to be looked after by the Reserve Bank of India, it will be humanly impossible. So, we have to create an institution within the Reserve Bank so that this type of multiple agencies are supervised.
properly. The Government has brought a very good enactment. When the cooperative banks are not able to discharge their obligations, the Reserve Bank will take over it. People thought that finance flow would also come from the Reserve Bank. But it is happening the other way. The total banking business is frozen. Therefore, the cooperative banks are closed down. The cooperative banks could not come up with more capital. They do not get any more business. They are dried up. Finally, the State Governments come to their help and they are under compulsion to give the money. Therefore, the Reserve Bank supervision is good. We have to appreciate it. A small institution should be built within the Reserve Bank so that these type of problems can be addressed. Then only can
this type of enactment give more supervisory powers to the Reserve Bank and the small and tiny banking system can be followed properly. Thank you.

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Thank you, Dr. Natchiappan. Shri Ganga Charan. He is not present. Dr. Ashok Ganguly.

DR. ASHOK S. GANGULY (Nominated): Sir, I think that this is a very important and critical Bill, and I fully support it. It might not have worked in the past for various reasons. But the small and medium scale industries, tiny industries and the farming sector are at the mercy of big corporations. I have seen the status of small, medium and tiny scale sectors during my lifetime. The large companies are really not bothered about the 30-day payment, the 60-day payment and the 90-day payment. So, they are at the mercy of large corporations. There is a slight difference from the indigo planters of Champaran because there the exploitation of India by the British was not hidden. Factoring was an instrument of exploitation. Now, factoring which the Bill is proposing, and the hon. Minister may correct me, is really emerging as an NBFC basically. This is a very important class of NBFC because it can’t be a secondary or tertiary business of an existing organisation. Therefore, NBFCs dedicated to factoring require a critical mass. Therefore, the Reserve Bank can define and the Act can require that unless you have a critical mass of managing a certain amount of loan — it is not really loan — or dues, you will not have the professional expertise to manage it. So, hon. Minister, it is a very important legislation that you have brought in at a critical time. If it has not worked in the past, there is no reason to think that it will not work in the future. Therefore, we have to make sure that we do everything not to commit the same mistakes of the past. The regulatory agency has the overall supervision. Like the banking supervision, factoring supervision Act will enable the Reserve Bank to get resources in order to monitor the factoring agencies. We want the factoring agencies to work rather than to supervise the factoring agencies. Our job is to enable them to be successful so that the small and the medium scale industries and the tiny industries can thrive. It is the real problem and it is the real challenge. The timing of the Bill is very critical.
and we can all support it. But it will be the responsibility of the banking division of the Finance Ministry and the Reserve Bank of India. Eventually, I think a suggestion has been made, which is eminently worth pursuing that it must be incorporated, if possible, in the new Companies Act so that large companies are forced to publish in their annual report the payment record to small, medium and tiny industries. This must be recorded because without such a record neither the shareholders nor the small scale industries will have a chance to know that this attention is not being paid. The hon. Member has said that this factoring or NBFCs could be one of the important instruments to spread the system of giving relief to the farming sector. My request through you, Mr. Vice-Chairman, Sir, to the
hon. Minister is to give a serious thought to it because as a part of spreading the banking system to the rural sector this might become an important NBFC in order to be dedicated to factoring in the rural sector as well. I know that we are running out of time. I am very grateful to you for having given this opportunity to me. I have watched with dismay all through my life not only companies but also political parties giving responsibilities for their future to other countries and other parties. Therefore, we can come and give lectures here. But the time has come that India does something. I am very grateful and I compliment the Finance Ministry for thinking about the new NBFCs. Thank you.

SHRI V.P. SINGH BADNORE (Rajasthan): Sir, I stand to speak on the Factoring Regulation Bill, 2011. This concept of the small and medium industries came from Japan. Japan is one country which has really developed because of small and medium enterprises. This concept has come from there. They saw to it that the assigners and the assignees have an arrangement where they must make the payment in time. Now this was not happening here. The small and micro industries do get into such problems. They already have this working capital problems. They have borrowed from the banks to set up an industry. Then it is different from ancillaries. Let us not confuse the ancillaries with the small and medium industries. Ancillaries have a system where they develop a product for the bigger industries. Like, it is done in the car industry. Now they say, let us get the shock absorbers from there; let us get these small little nuts from here; let us get some instruments from here and all that. Those are the ancillaries which they get. But it is in different small factories which they have to supply to a lot of people. Those are small little industries. Let us say, they are set up in one small little town. They cannot supply to Chennai or Kolkata and all that. So they have these factory agents. Even their marketing is done by them because they are the sort of people who are in the middle. But when it comes to payments, those people, with all their influence, may not be able to get money for the small industries and then they get into trouble. When it comes to that
level, it is where the problem starts. The Ministry tried to do this in 2003 and 2006. But there was no penalty. This time the penalty is so much and this is the penalty which is really going to get them the money in time; otherwise, they say they will get in three months, six months or nine months. So, not getting the money is a big problem for them. After that, when they don’t get it, then, they have to close the shop.

And, the problem is there for the Central banks as well. So, the banking system is also involved in it, and I am sure that they must have put pressure on the Ministry that it is not factories alone which would get into trouble, but they would also get into trouble, because if a factory is closed down, then, their loans get written off. So, there is the pressure, and the hon. Minister may not
have given in to the pressures from the small industries, but they have yielded to the pressures from the banking sector. The banking sector has said, "If you don’t do it, then, we are in trouble." I am happy that the Government has done it, and it is not only good for the banking system, but also for the small and medium industries as well as the ancillary units because they also have the same problem. I am happy that this Bill has come about, and I am sure that, even though it did not work in 2003 and 2006, but, with the penalty that has been levied, it will work now. Thank you.

मैं इस बल नहीं समय लेता हूँ, लेकिन बड़ी दीर्घ कर दी, हुजुर आते –आते। यह बल बहुत भारी है, आजाना चाहिए था।

भारत की ताकत है। एक जगा में भारत को सोने की चढ़ाई कहते थे और मध्य अशिया, यूरोप तथा यूनान के लोग भारत में व्यापार करने के लिए आते थे। हमारे ढाका के मलमल, जयपुर के आक्षण बहुत प्रसिद्ध थे तथा यहाँ के कॉटेज इंडस्ट्रीज बहुत developed थी।

इसीलिए ईस्ट इंडिया कंपनी भारत में व्यापार करने के लिए आई थी और ईस्ट इंडिया कंपनी ने आकर भारत के उन लघु उद्योगों को, कॉटेज इंडस्ट्रीज के समावेश की दी तथा ढाका के बुनकरों के नाखुन ही करवा दिया। मैं इतिहास के पन्नों के समावेश की बुनियाद थी रामगढ़ महात्मा गांधी के उस आंदोलन से हुई है। उन्होंने रोजगारपरक आंदोलन चलाकर भारत को आजादी दिलाई थी। रामगढ़ महात्मा गांधी और बाबा साहब भौमिक अम्बेडकर ने उन गरीबों तथा मजदूरों को पहले उद्योग से जोड़ा, रोजगार से जोड़ा, हथकर दे से जोड़ा तथा वे ही भारत की आजादी के आंदोलन के ताकत बने थे। लोगों को उम्मीद थी कि आजादी के बाद ये उद्योग और मजबूत होंगे, उनको सरकार से ताकत मिलेगी, उनकी फाइनेंस की व्यवस्था और सुहृद होंगे, उनके लिए बजिली की व्यवस्था और अच्छे होंगे, लेकिन
उनके वह ताकत नहीं मिली। महात्मा गांधी ने गांध -गांध में जो कॉटेज इंडस्ट्री खड़ी की थी, छोटे -छोटे लघु उद्योग -धंधे खड़े किए थे, जो आज़ादी की तड़ाग को सबसे बड़ी ताकत थे, कांग्रेस पार्टी के सरकार में आकर उनकी कमर तोड़ दी। वे गांधी आश्रम बंद हो गए, जहां खान बुनी जाती थी, घरखेड़ बनाए जाते थे तथा साबुन बनाए जाते थे। छोटे -छोटे चीजें गांधी में हों बनाई जाती थीं। तथा गांधों के लोगों के शहरों में नहीं आना पड़ता था। गांध का वह कारीगर, जो लकड़ी का काम करता था, वह हल बनाता था, बैलगाड़ी बनाता था, उसे बढ़ाई कहते थे। तुलसी, लोहे का काम करता था, बुजुर्ग लोग कपड़ा बनाते थे और गांधों में बना कपड़ा ही गांधों के लोग पहनते थे। गांधों के लोगों को एक नमक खरीदने के लिए शहर आना पड़ता था। तथा गांधों में स्वायत्तता थी। उस समय गांधों के लोग मजबूत थे। पहले गांधों के लोग शहर नहीं जाते थे। बल्कि शहरों के लोग अनाज खरीदने के लिए, कपड़ा खरीदने के लिए गांधों में जाते थे, लेकिन कांग्रेस के शासन - काल में गांध कमज़ोर हुए, उद्योग -धंधे कमज़ोर हुए और गांधों के जो हुकुम थे, जो कारीगर थे, वे असहाय हों गए, उनके
लखि finance की कोई वृद्धि नहीं हुई। गांधी ने बजिले की करती हैं गई, सारी बजिली सहर वाले को ती जाने लगी और बड़ी-बड़ी समाजवादी कार्यक्रमों फर्श सें स्थापित हो गई। मैं कहना चाहता हूँ कि हमारा पूरा राष्ट्रीय आंदोलन हिंदी बहुराष्ट्रीय कार्यक्रमों के खिलाफ था, आजउसके फर्श मजबूती दी जा रही हैं, उनकी फर्श सुधारणा की गई है और देखिए, आजदेश की कथा हासत है। हिपियरिटी, आर्थिक विस्तार की खाई इतनी गहरी हो गई है कि गांधी ने आदिवासियों ने, जंगली ने रहने वाले लोगों ने, जिसके क्रूरता में रहने वाले लोगों ने भूख और अभाव के कारण हाथ में बंदूक उठा ली है। मैं अपनी बात बदल हो संशय में रखना चाहता हूँ और आपने स्वयं कहा कि देश आयातुर्क आया, फर्श संभल जाए। इस पूरी बाजारीकारण के युग में शहरों में सुविधाएँ बढ़ रही हैं, लेकिन गांधी ने लोग अभाववशत होते चले जा रहे हैं। इस बाजारीकारण की अंगी दोष में हमें उसके दुष्प्रभावों की ओर जाना पड़ता कि कस्टर तरह नैतिक मूल्यों का पतन हो गया। अपने आदर्श वृद्धि वृद्धि के बाद में कहा, तो पहले आदर्श लोग अपने बही खातों में जरा कर लेते थे और तब जनता की कीमत होती थी। करोड़ का वृद्धि जीवन से चलता था और अगर कोई वृद्धि रहे उस जीवन को तोड़ता था, तो उसका समाजवादी विश्वास हो जाता था, फर्श उसका माल कोई नहीं खरीदता था और वह समाजवादी दक्षिणिया हो जाता था। आजबदी की लगाई उन नैतिक मूल्यों के लिए लड़ी गई थीं और आज उन नैतिक मूल्यों का पतन हो गया है। आप कहां तक कबूतर बनाएं? मैं कहना चाहता हूँ कि लखि कामना बनाने से समाज नहीं सुधर सकता है। राजनीतिक दलों के नैतिक मूल्यों के रक्षा के लिए आंदोलन चलाना पड़ता और अपने वह आंदोलन चलाया है, बाबा साहब ने चलाया है। उन्होंने दिल्ली में, पकड़ों में शक्ति की रोशनी दी है और कहा कि शक्ति के बनो, फर्श संगठन त होकर अपने अधिकारों को लिए संघर्ष करो। तो आज चाहे कांग्रेस पार्टी हो, चाहे विपक्ष में बैठे हुए हमारे भारतीय जनता पार्टी के लोग हों, चाहे सामाजिक आंदोलन के, communist movement के लोग हों और चौथा, सबसे बड़ा बाबा साहब के विचार हैं। महात्मा गांधी का बुद्धि समाज के नयाप भी कई लड़ी लड़ने वाले और समस्त मूलक समाज बनाने वाले थे। जब तक हम ऐसा अच्छा, सुंदर समाज नहीं
बनाएंगे, जब तक इन विचारों का, नैतिक मूल्यों का समाज नहीं बनेगा, तब तक अच्छे कामरों से न भर्ताचार मिटने वाला है, न दिल्लिवारी, आर्थिक विषमता की खाई मिटने वाली है। पहले लोग इसने दयालुता बताते थे कि अगर गरीब को घर शादी होती थी, तो पूरा गांव मदद करता था। आजबदे उद्योगपति के यहां काम करने वाले एक मजदूर की बेटी की शादी होती हैं और अगर वह मदद मांगता है, तो वह उद्योगपति, मलिक-मालिक मदद देने के लिए तैयार नहीं होता है - इतनी कठोरता उसके दल के अंदर आ वृक्ष है। आजसमाज के अंदर सब कुछ है, लेकिन पुरावर नहीं हैं, मुहब्बत नहीं है, इंसानियत नहीं है, सामाजिक नहीं है और जब तक हम इसकी रक्षा नहीं करेंगे, तब तक एक अच्छा समाज नहीं बन सकता है। तब तक यह जो आंदोलन है, उधवाद है, आतंकवाद है, नक्सलवाद है, यह विषमता की खाई है, यह नहीं मिटती। जब तक हम सभी राजनीतिक दल मलिकर समाज में एक अच्छी संदेश नहीं देंगे, तब तक यह खाई नहीं मिटती। खास तौर से अभी चुंबाव आने वाले हैं और इस समय अच्छे लोगों को टिकट देने की जरूरत है और ईमानदार, समाजसेवी लोगों को टिकट देने की जरूरत है। मैं मंशी जी से कहना चाहता हूं कि कम से कम जो गांव का किसी नवजुदा है, वह अपने गांव में ही food processing के छोटे-छोटे युग्मित लगाए। मुरब्बा बनाने का, अचार बनाने का, जूस नकसलने का, पुसांट, चिल्ड पुसांट आदि के लिए उनको बढ़ावा दिया जाए। बगैर घृष्ण दंड, बगैर बैकों के चक्कर काटे...
उनके पाइनेस की व्यवस्था की जाए। आप उन्हें दलालों के चंगूल से मुक्त कराएं। मैं जामता हूं कि गांव के लोगों को जब बैंक में लोन लेने के लिए जाना पड़ता है, तब उसके लिए उन्हें कृपया चक्कर काटने पड़ते हैं, कृपया फॉर्मलिटी ज़ करनी पड़ती है। बड़े –बड़े उद्योगपतियों को लो बैंकसे सुखव बुझाते हैं, दाबत देते हैं कि हमसे लोन लेजिए, लेकिन इन छोटे किसानों को दुःख कर, बेजुख करके बैंक से बाहर नफिल देते हैं। उनको सम्मान से लोन दीजिए, उनको बजिले की व्यवस्था कीजिए, कमीशनखोरी की रोकिए। ...

महोदय, मैं गांव का रहने वाला हूं, मुझे मादृश है कि गांव के लोगो को लोन लेने में कृपया दर्श्कत होती हैं। कृपया कार्ड बनाए भें, भैस के लिए लोन लेने में, ट्रेक्टर का लोन लेने में दर्श्कत होती हैं, तब इस उद्योग के लिए लोन लेने में उन्हें कृपया दर्श्कत आएगी। मैं इस आशा और विश्वास के साथ अपनी बात समाप्त करता हूं कि माननविय मंत्री जी वैंकॉं को सुधारेंगे तथा गांव के छोटे उद्योग लगाने वाले किसानों को लोन दिसने की सुविधा दिसिएगे। मैं दाखे के साथ यह कहना चाहता हूं कि जब तक हम गांवों में उद्योग लगाने वाले नहीं जोड़ेंगे, तब तक किसी अर्थव्यवस्था सुधारने वाली नहीं है और जब तक गांव की अर्थव्यवस्था नहीं सुधरने वाली नहीं है, इन्हीं शब्दों के साथ मैं अपनी बात समाप्त करता हूं।

SHRI NAMO NARAIN MEENA: Sir, at the outset, I would like to thank all the hon. Members, who have participated in the debate, for their valuable observations, suggestions and support. Before responding to specific issues raised by the hon. Members, I would like to place on record a few facts about the Bill, which will also address some of the issues raised by them.

The industrial and commercial units—particularly micro, small and medium enterprises—face serious liquidity crisis because of delayed or non-payment of their legitimate dues by the debtors—which means wholesalers or purchasers of goods—adversely affecting their production cycle and capacities. To address the issue, a specific
cause, the interest on delayed payments to small-scale and the ancillary industrial undertakings—the Act of 1993, made it mandatory for the buyer to pay to small-scale industry promptly, failing which he was required to pay interest to the supplier. However, the Act was repealed by the Micro, Small and Medium Enterprises Development Act, 2006, after the substantive provision of the Act of 1993 was suitably incorporated in the Act of 2006. The MSME Act also did not adequately improve the situation of delayed payments to MSMEs. Factoring, globally, is one of the mechanisms to address the issues of resource constraints, delayed payment from buyers of goods, and receivable management for the MSME sector. Various expert committees—such as the Study Group constituted by RBI in 1988, chaired by Shri C.S. Kalyanasundaram, and the Prime Minister’s Task Force on MSME of 2010—recommended the development of factoring services for small-scale industries through policy and legislative prescriptions.
In view of these recommendations made by various committees, and after wider consultation process, the Government decided to enact a comprehensive legislation to provide for and to regulate the factors, the factoring transaction and also to clarify the role and responsibilities of parties in a factoring conclave. This will, in turn, help in mitigating the problems of delayed payments to industrial and commercial units, especially MSME units. The enactment of this legislation would increase the liquidity position and access of MSME sector to credit facilities, thereby increasing economic growth and employment.

Sir, now, I would respond to some of the queries or the issues raised by the hon. Members. Initiating the discussion, Shri Rajiv Pratap Rudy raised the issue as to why the debt is structured only for big corporates. Sir, the RBI has directed the banks to consider restructuring for MSMEs also, who are normally banking with a single bank. The CDR Scheme is for corporates having loans of Rs.10 crores and above from more than one bank. That is why this Scheme is prevalent.

Sir, several hon. Members, including Shri Rajiv Pratap Rudy, Shri Ganga Charanji raised a number of relevant issues, such as, inflation, loans to farmers, deficit, monetary policy, interest rates, fall in industrial production, Food Security Bill, FDI, Indian companies investing abroad, corruptions, NPAs, restructuring of loans, etc. I have noted all those issues; and we will look into these issues.

Sir, Shri Narendra Kumar Kashyapji has said that there was a confusion about the word ‘factor’ in the Bill, and wanted to know whether the aartiyas are covered in this Bill or not. Sir, there is no confusion at all in the Bill. About the subject matter of this Bill, the word ‘factor’ is defined in sub-clause (i) of Clause 2 of the Bill, which says, “The activities of the commission agents for sale of agriculture goods or produce are not included in this Bill”. This was done on the recommendation of the Standing Committee on Finance. This is clarified in sub-clause (j) of Clause 2 of this Bill.

Sir, hon. Member, Shri Tapan Kumar Sen raised various issues. One was, why should the MSME sell receivables and pay commission. The factor will pay the commission to the MSME. The factor will pay the
MSME, and recover the receivables from all buyers, including big corporates. Factoring is an instrument used all over the world. Then, he again raised the issue as to what is the protection available that the factoring companies would not exploit the MSE units. The factor would be regulated by the RBI. All the factors will have to register themselves with the RBI. Sub-clause (v) of Clause 3 of the Bill states that the factors would be governed by the RBI rules, regulations, directions and guidelines. The earlier Acts of 1993 and 2006 were not fully effective, as there was no comprehensive legal framework for the provision of financing facilities to MSE sector. Now, all these legal provisions and penalties are there.
5.00 p.m.

He also raised a question that the provisions of Clause 8 and Clause 18 of the Bill are not necessary. Sir, this is not so and I would like to inform that so far as clause 18 of the Bill is concerned, a proviso has been added on the recommendation of the Standing Committee on Finance to protect the interests of the debtors as it will enable the debtors to claim any losses on account of the defective goods or short supply from the assignee. There is no inconsistency in Clause 8. Hon. Shri D. Bandyopadhyayji raised the issue that the risk of non-payment should be on factoring. The Bill provides for transfer of risk of non-payment to the factor. It also provides for loans against security of receivables in which case risk of the default is on ...(Interruptions)... Hon. Member, Mahendra Mohanji raised an issue about stamps. राज्य सरकार स्टैम्प छोड़गी या नहीं छोड़गी ? कोई अस्पष्ट हो रहे हैं या नहीं लात रहे हैं ?

Sir, in this regard my reply is, yes, as the official amendment was introduced in Lok Sabha to add a new amendment to the Schedule to exempt factoring relating transactions from the stamp duty and a new Section 8(d) will be added to the Indian Stamp Act, 1899 after this Bill is passed by both the Houses. After that it is all exempted. Sir, this Bill has been passed by the Lok Sabha. Therefore, with these words, I commend this Bill for the consideration of the House.

SHRI TAPAN KUMAR SEN: Sir, I have only a small clarification to seek. The hon. Minister has just told that like the corporates there is a provision for restructuring the debt of the SMEs. I request him to give these details here of at least last five years after the passage of the Bill in 2006 of micro and small enterprises. How many SMEs have got the facility of debt restructuring? Sir, I shall be thankful if you could kindly lay it on the Table of the House.

SHRI NAMO NARAIN MEENA: Sir, the policy of the banks regarding structuring is already there for all account holders. ...(Interruptions)... I will not be able to tell the details now.
...(Interruptions)... We will give you the details later.

...(Interruptions)...

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Okay, he has promised to give the details.

Now the question is:

That the Bill to provide for and regular assignment of receivables by making provision for registration therefore and rights and obligations of parties to contract for assignment of receivable and for matters connected therewith or incidental thereto, as passed by Lok Sabha be taken into consideration.

The motion was adopted.
THE VICE-CHAIRMAN (PROF. P.J. KURIEN): We shall now take up Clause By Clause consideration of the Bill.

Clauses 2 to 35 and the Schedule were added to the Bill.

Clause 1, the Enacting Formula and the Title were added to the Bill.

SHRI NAMO NARAIN MEENA: Sir, I beg to move:

That the Bill be passed.

The question was put the motion was adopted.

MESSAGE FROM LOK SABHA


SECRETARY-GENERAL: Sir, I have to report to the House the following message received from the Lok Sabha, signed by the Secretary-General of the Lok Sabha:

"In accordance with the provisions of rule 101 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to inform you that the following amendments made by Rajya Sabha in the Academy of Scientific and Innovative Research, 2011 at its sitting held on the 21st December, 2011, were taken into consideration and agreed to by Lok Sabha at its sitting held on the 27th December, 2011:-

CLAUSE 9

1. That at page 7 for line 7, the following shall be substituted, namely:-

"(2) The Academy shall make"

2. That at page 7, line 11, after the word "citizens", the following shall be inserted, namely:-

"and any exemption from making such reservation under the proviso to clause (b) of section 4 of the Central Educational Institutions (Reservation in Admission) Act, 2006 shall not be applicable to this Academy."

THE VICE-CHAIRMAN (PROF. P. J. KURIEN): The House stands adjourned to meet tomorrow at 11.00 a.m.
The House then adjourned at five minutes past five of the Clock till eleven of the clock on Monday, the 28th December, 2011.