

# LOK SABHA

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## SYNOPSIS OF DEBATES (Proceedings other than Questions & Answers)

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Friday, December 29, 2017/Pausha 8, 1939 (Saka)

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### REFERENCE BY THE SPEAKER

**HON'BLE SPEAKER:** Hon'ble Members, typhoon 'Tembin/Vinta' struck the southern parts of Philippines and neighbouring region on 22<sup>nd</sup> December, 2017. According to the information available, this typhoon caused more than 266 fatalities and large scale damage of property. This House expresses its deep condolence over loss of lives in this typhoon and stands in solidarity with the affected people.

On 23<sup>rd</sup> December, 2017, 33 persons are reported to have been killed and several others injured when a bus fell into the Banas river in Sawai Madhopur district of Rajasthan.

The House expresses its profound sorrow on these tragic incidents which have brought pain and sufferings to the bereaved families and wishes the injured a speedy recovery.

*The Members then stood in silence for a short while.*

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## **STATUTORY RESOLUTION**

*Re: Disapproval of Insolvency and Bankruptcy Code (Amendment)*

*Ordinance, 2017 (Ordinance No. 7 of 2017)*

**And**

### **INSOLVENCY AND BANKRUPTCY CODE (AMENDMENT) BILL, 2017**

**SHRI N. K. PREMACHANDRAN** moved that this House disapproves of the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2017 (Ordinance No. 7 of 2017) promulgated by the President on 23 November, 2017.

**THE MINISTER OF FINANCE AND MINISTER OF CORPORATE AFFAIRS (SHRI ARUN JAITLEY)** *moving the motion for consideration of the Bill, said:* This law has been in operation for almost more than a year. This Bill was necessary in order to save the employment and save the enterprises itself. Some clarity was required with regard to the definition of the word 'resolution applicant'. That clarification has been brought in clause 3 of the amended Bill. Once a company goes into the resolution process, then application would be invited with regard to the potential resolution proposals. A number of ineligibility clauses were not there in the original Act. There is also a disqualification in clause (c) with regard to those who are corporate debtors and who, as on the dated of the application making a bid, do not operationalise the account by paying the interest itself. Clause 6, brings in that the Committee of Creditors, which by 75 per cent

majority has to approve a resolution process, will see the feasibility and the viability of the proposal which has been made for the resolution itself. It I not bound to accept any or every proposal that comes up before itself. These are some improvements. Since I said that this is for the first time India has entered into this jurisprudence, it is a learning experience for us also. One year after operationalising it, all the concerned stakeholders have been consulted and these amendments have been brought in. A large number of cases are already pending resolution mechanism itself, and, therefore, if we had not immediately brought in, then even the ineligible persons, who are sought to be made ineligible under this, would have started applying for the resolutions itself. Therefore, in order to give it an immediate effects, an Ordinance to this effect was necessary and that is the reason why the Ordinance was brought in. With these words, I commend the Bill to the hon. House for consideration.

**SHRI N. K. PREMACHANDRAN** *initiating said*: I have several times made the point on the Constitutional position of article 123 regarding the promulgation of Ordinance. An Ordinance can be issued only on extraordinary circumstances. Even the GST compensation to the States Amendment Ordinance was also promulgated like this. I agree that it was right time to have an Ordinance so as to protect the interest of the country as a whole. That is why we have all supported the GST (Compensation to States) Amendment Bill at that time. Let us analyse whether this Ordinance has come within the purview of Article 123. The

Ordinance seeks to amend the Insolvency and Bankruptcy Code but I fail to see any urgency in bringing the amendments. So, my point is that promulgation of this Ordinance is *ultra vires* to Article 123 and hence this has to be disapproved. I do agree that this Bill relates to a new jurisprudence which has come into existence. The ultimate purpose of the original Bill enacted in the year 2016, was to provide the benefit of ease of doing business. The National Company Law Tribunal and the Debt Recovery Tribunal are designated as the adjudicating authorities for resolution of insolvency, liquidation and bankruptcy. My point of view is that this Bankruptcy and Insolvency Code will result in gross abuse, massive corruption, favoritism and nepotism and it may help to generate black money also. Even a minor default will lead to the company being placed in the hands of insolvency experts and it will be dissolved unless 75 per cent of the creditors agree to continue the operations of the company. Here, in this case, 26 per cent of the creditors can move for an insolvency resolution. This means, they may hold the company to ransom. Further, the National Company Law Tribunal has no jurisdiction to look into the larger interest of the majority shareholders or the creditors, the government revenue and workmen. That will be determined by the minority creditors. As soon as a petition of insolvency resolution is admitted, the company is handed over to the insolvency professional and thereby generate an automatic stay on all the assets of the company. This is not meant for the revival of the company but for the insolvency resolution, the final result of which will be liquidation. Qualifications

of an insolvency professional are not mentioned anywhere in the Bill. How an Insolvency Professional, that is, a third party, can manage a company better than the existing management of the company? Insolvency Professional has no stake in the company. The result will be siphoning off of the money and winding up of the company rather than the reviving of the company. I suggest to the hon. Minister to bring an amendment and prescribe eligibility criteria of the insolvency professional in the main Act itself. In regard to priority in realisation also, unsecured and secured creditors have been put on the same footing which will be a serious disadvantage to the public sector banks and secured creditors. The priority of clearing the liability is workers, secured creditors, revenue, tax, etc. This will be against the economic interests of Indian business, Indian public sector banks and Indian workmen also. There is no protection as far as workmen are concerned. The ramifications of the Bill have to be seriously considered and appropriate amendments are required in the original Act so that Bill can be made more fruitful and protect the interests of the secured creditors and the public sector institutions.

**PROF. K. V. THOMAS:** The original Bill was brought in 2016 and the Government has got the experience of it after its implementation that there was various lacunae in it. This Government had made a promise of removing corruption and bringing the black money back but nothing has happened. On 8<sup>th</sup> November, 2016 the demonetisation was brought and the hon. Prime Minister promised that, by the end of December, 2016, things will be normal. But it is not

normal after eight or nine months. The Government also brought the GST in such a hurry that we are now and then bringing the amendments. It was given to understand that the State of Kerala will be benefited but, Kerala has not got any benefit by implementation of the GST. In the first two quarters of the fiscal year 2017-18, the NPAs of the banks are about 54 per cent higher than it was last year. More than 80 per cent of NPAs are created by corporate houses. Condition of farmers is bad throughout the country. Prices of consumer items are spiraling. I compliment the Government on implementation of Food Security. The SBI in Kerala gave adequate funding to the students of Kerala for higher studies. Now that has been merged with the SBI. But we find that SBI norms are more stringent and the students are on the streets. Recently in Kerala, Tamil Nadu and Lakshadweep we had the Ockhi cyclone. The Government has given only Rs. 300 crore as assistance whereas the loss is of more than Rs . 7000 crore. For years, the coastal people are asking for construction of protective walls at the seashore and also the wave breakers. So, I request the Government to provide assistance to the states for this purpose.

**DR. SANJAY JAISWAL:** Reform is an ongoing process and our Government never desists from bringing about reforms. Hence, ordinance was promulgated in order to discourage black money and defaulters. We are bringing in stringent laws to bring these defaulters to book who are siphoning off money and it is the objective of the Government. Honourable Minister has brought in a good

piece of Legislation. It is creating a sense of fear among the new borrowers. It is a great achievement of the NDA Government that now promoters started thinking to borrow as less amount as possible because eventually that will have to pay the interest. These rules will attract new investors. Our Government is of the opinion that ethical and honest businessmen will be given and all encouragement. Moreover, the bill stands to be a big deterrent for defaulters. I fully support it.

**DR. P. VENUGOPAL:** The Bill which the Government has introduced today essentially replaces the Ordinance issued last month. Before commenting upon specific provisions of the Bill I would like to know from the hon. Minister the need for amending the IBC within one year of its operationalisation. Moreover, the list of people barred from the resolution process is too broad and encompassing. Having such a broad category of persons disqualified from the resolution process would hamper the competitive bidding process while attempting to resolve the company. Now, the larger question here is that while the proposed amendment will hurt and should hurt some persons or entities who are gaming the corporate insolvency process, it also puts the resolution process of small companies in jeopardy as it effectively reduce the universe of prospective application who can bid for the company. The clause 5 of the Bill provides for a very sweeping exclusion as it cuts down a larger number of prospective applicants who may submit good resolution plans to revive an insolvent company. With these reservations, I support this Bill.

**PROF. SAUGATA ROY:** The Insolvency and Bankruptcy Code (Amendment) Bill, 2017 seeks to replace the Ordinance which was promulgated on 23<sup>rd</sup> November, 2017. The problem of the Government is serious as the gross Non-Performing Assets of scheduled commercial banks were Rs. 8,50,178 crore as on 30.9.2017. But already some action has been taken against defaulters which include companies like Essar Steel, Bhusan Steel, LANCO, Alok Industries, ABG Shipyard and Jaypee Infratech under IBC. Now, what is the Insolvency and Bankruptcy Code? Through this Bill the Government is limiting the number of resolution applications by putting certain conditions. There is also a penalty which says that any person contravening provisions of the Code will be punishable with a fine ranging between one lakh rupees of two crore rupees. It is germane to remember here that the IBC is not intended to serve as a mere instrument of liquidation. That is not to close down factories, it is to revive factories. It is to provide an enabling legal framework for the reorganisation and insolvency resolution of corporate persons in a time bound manner for maximisation of value of assets of such persons. But the proposed the amendment hurts more than it helps. It is worse to make the amendment retrospective to cover even those cases already referred to the NCLT. It will hamper the resolution process under IBC. Hence, the Government needs to have a fresh look at the Bill instead of making amendments to the original Bill so that they do not spoil the chances recovery of these companies which are on the verge of closure.

**SHRI BHARTRUHARI MAHTAB:** This Bill seeks to give some relief to promoters in general, by tweaking the definition of one year of Non-Performing Assets on the basis of which they are disqualified to bid for their companies. This also excludes Asset Reconstruction Companies, alternative investment funds and banks from the definition of 'connected person', protecting these entities from becoming ineligible for bidding. The Bill also tweaks the language of the Ordinance to bar promoters or those in the management or control of companies with over a year of NPAs from bidding. The Bill broadens the definition of those who can participate in the bidding process. The Bill proposes to relax the norm for disqualifying a promoter from bidding for a company undergoing insolvency resolution. The Ordinance barred promoters whose companies have had their loans declared NPAs by banks for over a year from bidding for these. This Bill proposes to calculate this period of one year till an application of this insolvency is accepted by the National Company Law Tribunal. So, some of those promoters who were not able to bid for companies since the one year period was over could qualify as that period might not be complete when NCLT admitted the case. So, this is a welcome step which has been incorporated in the Bill. Further, this Amendment Bill allows defaulting promoters to be a part of the debt resolution process of the companies. It has paved the way for Asset Reconstruction Companies, alternative investment funds such as private equity funds and banks to participate in the bidding process. Similarly, banks opting to convert their debt

into equity under the RBI's scheme for Sustainable Restructuring of Stressed Assets would have inadvertently become promoters of these insolvent companies and thereby being barred from the resolution process. Through this Bill, it has been corrected. The Amendment aims to correct these anomalies. This Bill seeks to strike a fine balance in the trade-off between punishing willful defaulters and ensuring a more effective insolvency process. The Bill also seeks to bring any individual who has control of the NPA under the ambit of the Insolvency Code. It also allows guarantors of insolvent firms to bid for other firms under the insolvency process. A guarantor, who honours his guarantee, should not be barred from submitting a resolution plan for the company.

**SHRI JAYADEV GALLA:** Under sub-section (c) of Section 29A if one's account is classified as NPA and a period of one year or more has lapsed from the date of such classification and who has failed to make such payment of all overdue amounts with interest is not eligible to submit his resolution plan. I feel that the period of one year is too short a period. Many industry segments run in business cycles and in these business cycles if you have a downturn and at the low point of that business cycle, it may take more than a year- generally, it takes about two to three years- for this business cycle to turn around. So, I request the hon. Minister to consider revising it for, at least, three-year period, so that genuine cases can get an opportunity. With respect to barring certain persons from the liquidation process as opposed to the Resolution process, I personally feel that the banking

sector may be the loser since the Bill is reducing the number of bidders and thus minimizing the scope for finding the right price for stressed assets. A liquidated company ceases to exist, so the background of persons bidding for its assets may be irrelevant in my opinion.

**SHRI B. VINOD KUMAR:** The Bill provides as to who can submit a resolution plan in response to an invitation made by a resolution professional. It also empowers resolution professional with approval of committee of creditors to decide who can submit a resolution plan. The committee of creditors can approve a resolution plan by a vote of minimum 75 per cent of the voting share of financial creditors. This also provides for punishment for contravention of provisions where no punishment is prescribed. There are some issues to be addressed. Some experts say that by barring certain entities from bidding, the number of bids received will be even lower, thus depressing the prices of assets even further. This will lead to greater losses. This is one apprehension. The big concern among resolution professional is that the amendments will disrupt nearly all pending insolvency proceedings as on today. Besides this, the eligibility of all bidders will have to be ascertained before examining their bids. In cases where only the promoter has submitted a plan, and such promoter is found to be ineligible, fresh bids will need to be invited. Identification of a willful defaulter has been left to the banks but within the guidelines of the RBI. This might lead to arbitrariness and such punitive or restrictive measures should be enshrined in the law, rather than being left to an

interested party such as a lender or a bank. A promoter may challenge his identification as willful defaulter in court and seek a stay on the insolvency proceedings till the challenge is decided. It may further causes delay and losses to the already stressed assets. These are the apprehensions with regard to this Bill. We support this Bill as it only seeks to exclude dishonest entities and willful defaulters who cause downfall of a company and later seek to recapture the same assets at a lower price. Thus, the Bill closes the existing loopholes and rewards honest entities looking to restructure failing companies by tightening the insolvency rules.

**SHRI P. KARUNAKARAN:** The previous Bill does not restrict or bar any person from submitting a resolution plan or participating in the acquisition process. It is correctly understood that many corporate companies or persons may misuse the situation. So the restriction as laid down in the Bill is essential but this was not seen by the Ministry earlier. The Central Government should give due importance to the issue of welfare through the Centrally Sponsored schemes. We have initially asked for an amount of Rs.433 crore for the State of Kerala. But the Central Government has given only Rs.133 crore.

**SHRI VARAPRASAD RAO VELAGAPALLI:** I admire the Government for steadfast approach in trying to bring down the NPAs and streamlining the process of loaning. Insolvency and bankruptcy laws and processes are extremely complicated. There is a lot of ambiguity in this process. The NPAs are taking

alarming proportions in our country. The RBI, in consultation with other banks, has identified 12 big corporate companies, which literally form more than 25 per cent of the NPAs with an aggregated bad loan of Rs.3.5 lakh crore. It is high time that we pay attention to the issue of NPAs. But SEBI for one reason or the other is postponing the disclosure of the list of defaulters. That may be avoided. This Ordinance is definitely required so that the defaulters do not find backdoor entry to claim again the ownership of a company. At the same time, while defining the resolution applicant, more number of people have been debarred. The IBC is not merely an instrument of liquidation is a framework for reorganization as well as to restructure the enterprises and give an opportunity to the entrepreneur. Hence, it needs to be little broader. Similarly, SEBI bars a particular person from accessing the security markets over a trivial or small issue. A resolution applicant should not be barred because of small issues. Definitely, there is a need to have a re-look at this issue.

**SHRI SUBHASH CHANDRA BAHERIA:** The IBC was conceived so that if any company turns insolvent and the creditors feel that it can be revived, then if any person becomes a resolution applicant and the creditors are satisfied with him, the effort should be made to revive it. But when the Code was implemented, it was seen that the same people who were responsible for making the company insolvent became resolution applicant. This amendment Bill has been brought to check this practice and I congratulate the hon. Finance Minister for this.

**SHRI DUSHYANT CHAUTALA:** This Bill has provided tenure of one year for the recovery of a loan. My suggestion is that the Government should enhance this tenure to three years because every business faces a bad cycle also. If the tenure is increased, the people with good intention will automatically come out of the ambit of this Bill. Secondly, the Government should bring a provision like this for the agriculture sector also so that our farmers who are undergoing through the economic distress should also be given a helping hand.

**SHRI RAJESH PANDEY:** The Government, through this Bill, wants to provide clarity to the persons who can submit resolution plans in response to an invitation made by the resolution professionals. It is also to provide for making certain persons ineligible for being resolution applicants. This Bill has brought a new uniform Code. Formerly, in our country, any change in the legal system was hard to enforce but now with the changed attitude of our Government this Code has proposed massive laws, procedure and infrastructure. There is no doubt that once the Code is fully implemented, it is going to be one of the best initiatives by the legislature and a boon to the economy in the broader sense.

**SHRI GAURAV GOGOI:** This Bill comes to replace an Ordinance which was promulgated by the President of India on 23<sup>rd</sup> November. But we must keep in mind that if the Parliament was convened normally, then there would have not been an Ordinance. Important Bills have been introduced in Parliament during this Session and passed in a hurry and the due deliberation is not taking place. I hope

that through you we can bring about an amendment where we put in a minimum number of sittings, a minimum number of days, and a regular schedule, so that we know that Parliament will sit and come elections or any other things, Parliament is scheduled because we are accountable to the people of India. This Bill deals largely with the Insolvency and Bankruptcy Code and it has been introduced to deal with the crisis of NPAs. The total exposure of banks to bad loans is around Rs.8,00,000 crore, roughly translating to five per cent of our GDP. Unfortunately, there is a misconception amongst the ruling party, they think that recovery of bad loans has only started cost 2014. Let me remind them that there have always been steps initiated by the Government of India to recover bad loans. The issue of NPAs was a concern and it had been addressed through various laws during UPA. But under your Government the issue of NPAs, from a concern, became a crisis of epic proportions. I appreciate that there is an Insolvency and Bankruptcy Code which gives a legislative clarity to promoters. But how does the Government intend to measure the success of the Insolvency and Bankruptcy Code? I would like to give an example of a case in which the creditor had to take 94 per cent haircut. If this type of judgement is delivered, the public sector banks will not get their money back. I would like to tell you what is the recovery rate in India. As per the report issued by the World Bank, on one dollar India's recovery rate is just 26 cents. Today, the farmer is undergoing the economic distress but our Finance Minister says that the Government will not waive of the farm loans. It is ironical that the

big companies will be provided relief through haircut but the farmers are not entitled for this relief. What is the true picture of our economy? The world economy has largely come out of the shadow of global crisis of the year 2008 but India's economy has receded back. Therefore, I would like to request you to reconsider this Bill.

**SHRI ARUN JAITLEY** *replying said:* First of all, I would like to make it clear as to why this problem of the NPAs has been come up. All the loan cases involved with IBC, were dispensed during the tenure of earlier government. As on 2014, the actual status with regard to all such loans were same. Earlier government has resorted to restructuring of NPAs and deliberately avoided declaring it as NPA. It was in 2015, during the review of assets by RBI, it was revealed that all the loans which were shown by earlier government under performing category were in fact non-performing loans. Reserve Bank has also said that these loans should be kept under non-performing category. Now, you can understand that what was the root cause of this problem. Now, there are two types of enterprises which have been provided loans. One is a Mill which has land, plant, machineries and all other assets. Another is a trading company from which no collateral security has been taken and all the receivables of the trading company are not with them anymore. So, this type of companies exist on paper only. Actually, for us it is a legacy problem which we are trying to resolve. Secondly, the question was raised that why it was needed to promulgate an Ordinance. In

this regard, I would like to say that, Ordinance is necessary because this Act itself provides a 180 day time period in which a resolution is to be completed. There are numerous cases pending and law will apply to all of them. Now what will happen to all these pending cases if we wait another couple of months and say that the Bill will come up in its usual course? There will be two kinds of insolvency application ones with ineligibility criterion and secondly without ineligibility criteria. Therefore, there was an extreme case of urgency for which the Ordinance itself was required. Last, the point is what the need was to bring in this insolvency criterion. What do you do with promoters who are themselves responsible for these NPAs, that is clause C. Every creditor takes his haircut and there is an equitable distribution in the case of dissolution. In the case of resolution also, all type of creditors may take some haircut and the man who created the insolvency pays a fraction of the amount and comes back into management. Should we allow that to continue? The overwhelming view, as expressed by the Members, is that it should not be allowed. This was a gap which was there in the original Bill and by bringing in 29(a) we have tried to fill in that gap. That is the objective. In order that this provision must apply to all existing cases of resolution which are pending, that is the case for urgency. If we had not done this, then all such defaulters would have rejoiced because they would have merrily walked back into these companies by paying only a fraction of these amounts. That is something which besides being

commercially imprudent would also be morally unacceptable. That is the real rationale behind this particular Bill.

*The Resolution was, by leave, withdrawn.*

*The Bill was passed.*

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### **ANNOUNCEMENT BY THE SPEAKER**

**HON. SPEAKER:** Hon. Members, I have to inform the House that, as decided by the Business Advisory Committee in their meeting held today, there would be no sitting of the House on Monday, the 1<sup>st</sup> January, 2018.

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### **PRIVATE MEMBER'S BILL**

**The Constitution Sixth Schedule (Amendment) Bill, 2015 - *Contd.***

**SHRI HARINARAYAN RAJBHAR** *resuming said:* Today, in this developed India tribals are reeling under worst condition. In pre-Independence India, they fought for the freedom of our country and now in Independent India they are struggling against their problems. I am of the opinion that Government has not paid heed towards their problems. I would like to urge upon that there is need to provide necessary resources and to make necessary arrangements for their development so as to bring them into the mainstream of our society. I would also

like to submit that arrangement should be made to provide them educational institutions along with security arrangements. Our Government should provide grants and facilities to those people. Through you, I would like to request that the government should pay attention towards their problems and adequate arrangements should also be made for ensuring their development at every level in our society.

**SHRI RAVINDRA KUMAR RAY:** North-Eastern Region has been a very sensitive area as far as unity of India is concerned. Continuous efforts have been made to bring this area into the mainstream of the country and to inculcate sense of belonging towards the nation. But still this area is lagging behind with regard to the means of transport facilities available here. Rail connectivity on various locations are yet to be provided. By taking benefit of the prevailing situation, various foreign agencies have tried to influence the people of North-Eastern region. So, keeping in view the development of that region, Schedule 5 and 6 were enacted. Even today separatist movement frequently takes place in the northeast. This time when China tried to enter through Doklam, we forced them through diplomatic means to withdraw. Zilla Parishads were formed in the northeast. The powers given to the Zilla Parishads under the special scheduled region did not achieve success as expected. Autonomy should not be to the extent that in the coming days separatists tendencies slowly gather momentum. The resources provided by the Government of India were not used judiciously. When we go to

any panchayat or block in the country, roads constructed with the Central grants under the Pradhan Mantri Gramin Sadak Yojana reminds us of Atal Bihari Vajpayeeji. The present Prime Minister started the Ujjwala Yojana. The Prime Minister sanctioned an ambitious project for a long railway line in the previous budget for the northeast. The people there should develop the feeling that they belong to India, the country belongs to them and without the country they are not safe. We support the development of northeast. Full resources should be provided for the development of northeast. In Jharkhand bhagwan Birsa Munda fought against the British throughout his life. Siddhu-Kanu-Chand-Bhairav gave up their life fighting against the British in Santhal Pargana and the people take pride in their sacrifice. In Rajasthan Bhils came to the assistance to the Maharana Pratap when his army became weak. I want to say that the adivasi society along the borders of India rose to the occasion and made sacrifices when the country faced challenges. In return they asked for little. For their development everything should be given. Our adivasi brothers living in the forests should get land and other facilities. Their development should be given priority. They serve the country even while living in adverse circumstances. There are several battalions of adivasis in the Indian Army and Albert Ekka had won a Pramveer Chakra. Adivasis who constitute about 10 per cent of the population their lot should be improved. Hundreds of children from each states should be taken to other states and provided free education so that they and their family would realize that the

country has looked after them. Our Prime Minister has formulated a special action plan for northeast.

**SHRI SUNIL KUMAR SINGH:** Through this Constitution Amendment Bill, we would try to bring forth those facts which should have been brought before the country earlier. This Amendment Bill relates to three amendments to the earlier Bill whereby the number of members of the District Council is proposed to be increased from 30 to 40, conventional livelihood of the adivasis connecting to mines and minerals are proposed to be brought under the legislative competence of the District Council and finally traditional systems of adivasis and their interests are to be protected. Besides, we shall also discuss and debate the issues relating to administrative, political, economic and socio-culture of the North-East. Only 10 District Councils have been set up so far under the Sixth Schedule in our Constitution. I would also like to say here that hon. Home Minister had emphasized on 24<sup>th</sup> September, 2014 that the Government will focus on all-round socio-economic development of Meghalaya. A tri-partite meeting was also held. The objective of the memorandum was to give more autonomy to the Garo Hills Autonomous District Council in Meghalaya. There was a provision therein for rapid socio-economic and educational development of the State. The fact is that the present Government has never adopted the policy of confrontation. The earlier governments had considered the North-East as a remote area. Today, the people of North-East have started believing that there is a government at the centre which

considers North-East as its integral part. This has to be pondered over that the 1874 Act enacted by the Britishers was not meant for the development of that area but for the convenience of their administration in that area because then onwards our economic, cultural and social life systems were hit adversely. Prior to Independence, India was a administrative unit of different parts but our cultural activities united one part to other. No Government ever tried to improve the connectivity in the North-East. AB Vajpayee Government had launched a scheme to connect the North-East through South-West Corridor but the work was stopped on this corridor later. Our Constituent Assembly had deliberated upon various aspects of North-East and a policy framework had emerged but the then Governments failed in identifying those conflicts as a result of which the present problems came into being, which we are confronting today. I am really thankful to the hon. Member that his amendment has given another opportunity to discuss the issues of North-East again. The Government is not constitutionally bound to bring amendment in the Sixth Schedule. However, I would like that the Government should talk to all the stakeholders and decide accordingly. The socio-cultural study of the North-East Region should also be undertaken. When a hon. Member says that this region is not the part of our ancient culture then it really hurts. We have consciously chosen harmony in our social fabric. We should be conscious of our cultural history. When culture is associated with some form of worship then it creates aberrations and our government does not link the culture with any religion or form of worship. Pt. Deen Dayal Upadhyay had stated that the discussion on India should not be conducted in piecemeal. I would request the Government that the role of Member of Parliament should be increased in the decision

making process of the District Minerals Foundation Trust. I would also say that there is no instance of formulation of any comprehensive scheme for the all-round development of the tribals in the policy spectrum of Pre-Independent India owing to Divide and Rule Policy of the Britishers. That hangover continued on the leaders of Independent India as well. Netaji Subhash Chandra Bose had presented the concept of Five Year Plan at the Ramgarh convention of the Indian National Congress or prior to it. Had the Congress Government followed those policies then there would not have been any contradictions and conflicts today. Andaman Nicobar region got independence prior to India's independence in 1947. The INA led by Netaji freed it. However, there was left no place for the martyrs of INA there where we could pay our tribute to their memory. The first Prime Minister of India Pt. Nehru had given the theory of tribal *panchsheel*. Had the then governments followed that policy then the present conflicts would not have been there. This Government has set up a separate Directorate for the North-East. (*Speech Unfinished*)

*The discussion was not concluded.*

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**SNEHLATA SHRIVASTAVA**  
*Secretary General*

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NOTE: It is the verbatim Debates of the Lok Sabha and not the Synopsis that should be considered authoritative.

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