

of utility, comfort or convenience, there should be no serious difficulty in making a convenience of a linguistic instrument like English. The question is whether we want progress as such or progress through a particular instrument or vehicle of our fancy, no matter how inadequate or defective it may be

### Glass with Care ?

AT the ninth annual meeting of the Industrial Finance Corporation held in Delhi on 27th September, the safety curtain came down on the sad story of the Sodepur Glass Works Limited. It was in 1953-54 that the emergency curtain was dropped with the decision of the Corporation to take over the management of the company under section 28 of the Industrial Finance Corporation Act 1948. Apart from whatever went on or goes on behind the scenes, some interest will still attach to the operations of the Company, now re-incarnated as the Indo-Asahi Glass Co Ltd and managed by "a reputed firm of glass manufacturers of Tokyo who have agreed to set up an Indian Company to run the factory". For, although the Japanese firm has agreed to buy the works for Rs 62 lakhs, the payment is to be made in 17 instalments; it has also been given a loan of Rs 7 lakhs by the Corporation.

Sodepur Glass Works were sanctioned a loan of Rs 60 lakhs by the Corporation in 1948-49, the first year of its operation. A further loan of Rs 20 lakhs was sanctioned for the year 1950-51. It was at this stage that the 'difficulties' of the Works regarding repayment should have been obvious and the calibre of the management and their capacity for planning- and execution gauged. But the Directorate of the Corporation seem to have been reluctant "to extort their pound of flesh" by way of legitimate interest on the loans. In fact, a further loan of Rs 39 lakhs was sanctioned during 1951-52; this proved only another case of good money chasing after bad.

An enquiry committee—appointed by Government at the request of the Corporation—went into the work of the Corporation. Government examined its report and appear to have reserved judgment or direction in the case of Sodepur Glass Works Ltd. at that time. The opinion was subsequently expressed in a Finance Ministry Resolution in June, 1955 and it would be difficult to imagine that this view was not conveyed to the Corporation even in 1953. The Resolution, among other things, said, "In the opinion of Government, though the primary responsibility for this failure must rest with the Company, the Corporation, having become involved in the fortunes of the undertaking by the grant of the loan and in default by the Company must also bear responsibility for such failure. Corporation should Have made a correct appraisal of the Company's needs before sanctioning the loan."

Early in 1954, Lala Shri Ram resigned from the Chairmanship of the Board of the Corporation. According to the Annual Report, "the Central Government regretfully accepted his resignation and asked the Corporation to convey to him their appreciation for making- his valuable knowledge and experience available to the Corporation in its early years". It is, however consoling to know that the Corporation's loss was Shidri's gain.

In June, 1954 the amount due from the Sodepur Glass Works was over Rs 1 crore over Rs 70 lakhs on account of loans on mortgage deeds and interest thereon and nearly Rs 33 lakhs spent after the Corporation took over the management of the Company. It was easy to understand the decision or the Corporation "to dispose it of at the earliest".

This has now been accomplished. The I F C has written off a sum of Rs 50 lakhs due from the previous loanees on the Sodepur Glass Works for it has not found it easy "chaaling" the guarantors to see if any portion could be recovered. Whether

this is reluctance or inability or kindheartedness one cannot say, but it is symptomatic that the auditors of the Corporation have remarked that the provision for doubtful debts, Rs 22.5 lakhs, should be increased by another Rs 5 lakhs.

### Now On Its Own Feet

SODEPUR was only an incident in the life of the Industrial Finance Corporation. While the lessons of that incident must not be forgotten, it would not be fair not to look at the more positive side of the picture. Under the direction of Shri K R K Menon, the Corporation has come, in the ninth year of its working, to stand on its own feet. The hopes that were expressed by Shri Menon in his speech at the last annual general meeting of the Corporation have been largely fulfilled; the Corporation's net profit of Rs 11.25 lakhs has sufficed to pay the guaranteed dividend of 2.25 per cent without any subvention from Government a feat which had been accomplished only once before in 1953.

The Corporation has sanctioned so far loans for an aggregate of Rs 55 crores and has disbursed about Rs 26 crores. Its lending policy has helped to some extent in correcting the regional disparity in industrialisation, substantial loans having been sanctioned to units in Andhra, Punjab, Kerala and U P. It has also made a special attempt to assist the cooperative sugar factories, which have on aggregate of Rs 10.73 crores or 66 per cent of the total loans sanctioned to the sugar industry so far. The Corporation is also preparing to embark on a new type of activity, the guaranteeing of deferred payments by importers of capital goods, for which legislative sanction is likely to be accorded at an early date.

The total amount borrowed by the Corporation has gone up to Rs 6.36 crores, including full utilisation of the statutory overdraft facility of Rs 3 crores from the Reserve Bank, legislation to permit an increase of the maximum amount that it can borrow has been agreed to by the Government of India, which has also arranged to augment the Corporation's resources by Rs 15 crores to enable it to discharge its functions satisfactorily. The Corporation now appears to be on an even keel and therefore better prepared to meet any difficulties that may lie ahead.

I F C Loans and Advances  
(Rs crores)

	Nine years ending June 30, 1957	1956-57	1955-56	1954-55	1953-54
Loan applications	109	21.36	27.70	11.27	9.01
Loans sanctioned	55	11.91	15.13	7.34	5.27
Loans disbursed	26	9.78	2.20	1.64	2.82