

Title: Combined discussion on disapproval of National Bank for Agriculture and Rural Development (Amendment) Ordinance, 2000 and the National Bank for Agriculture and Rural Development (Amendment) Bill, 2000 (resolution negatived and Bill passed.)

1858 hours MR. SPEAKER: We will now take up Item Nos. 24 and 25 together. Shri Basu Deb Acharia.

SHRI BASU DEB ACHARIA : I beg to move: "That this House disapproves of the National Bank for Agriculture and Rural Development (Amendment) Ordinance, 2000 (No.4 of 2000) promulgated by the President on 26 September, 2000." Sir, I am not against this National Bank for Agriculture and Rural Development (Amendment) Bill. But I find no urgency for the promulgation of an Ordinance. There was no urgency. It was promulgated when the notification for summoning the House was to be issued, only one week or two before. A number of Ordinances, about five in number, have been promulgated during this inter-Session period. Although, we wanted one particular Ordinance to be promulgated, it was not done. It was recommended by the Eleventh Finance Commission, with regard to the setting up of a National Natural Calamity Contingency Fund. Ultimately a Bill was circulated and subsequently it has been introduced. We do not know when this Bill would be brought before this House for consideration and passing. 1859 hours (Shri P.H. Pandiyar *in the Chair*) That Ordinance, which was urgently needed, was not promulgated but this Ordinance which was not necessary, had been promulgated. The Government should have brought a Bill in this Session to amend the National Bank for Agriculture and Rural Development Act which was enacted in 1982. In the statement of Objects and Reasons, the hon. Minister has mentioned the reasons why this Amendment was being brought because we had the experience of 18 years since the NABARD was set up.

19.00 hrs.

There are a number of bottlenecks. Have we been able to achieve the purpose for which NABARD was set up? The main function which NABARD has been discharging up-till now is refinancing to the State Co-operative Banks, the Rural Banks, etc. for development of rural people, for assisting small-scale industries, cottage and village industries and allied activities in the rural areas with a view to promoting integrated rural development and securing prosperity of the rural areas. We would like to know what has been the achievement of NABARD during these 18 years of its existence and what are the bottlenecks. It has not been explained here what are the difficulties which NABARD is facing to achieve its objects. The reason for bringing this amendment is to have capital adequacy. From Rs.500 crore, the Minister is now proposing to raise it to Rs.5,000 crore. Another purpose which has been stated here is to give functional autonomy to NABARD. I doubt whether after the adoption of this legislation, the object of functional autonomy which the Minister proposes to give to NABARD, can be achieved or not. How does the Minister want to have the functional autonomy and to what extent? Is the functional autonomy required in order to remove the control of RBI or is it to enable NABARD to take decisions independently? There is a proposal to amend Section 19 so that the activities of NABARD can be increased to empower the State Bank to issue bonds, debentures and other financial instruments with or without Government guarantee. At present, Government guarantee is required. Now the proposal is to empower NABARD to issue bonds and debentures even without Government guarantee and allowing it to borrow long-term loans from the Reserve Bank of India and from any other organisation or institution approved by the Board, without the permission of the Central Government. That is being done. At present, the Central Government's permission is required. After the Act is amended, will that permission be required or not? By amending the Act, does the Government want to achieve that functional autonomy for NABARD? Sir, there is another problem which, I think, NABARD will have to face, which today almost all the nationalised banks are facing and that is in regard to NPA. Today NABARD is re-financing the State cooperative banks and rural banks. But, in addition to that, there is a proposal to increase its activity to other areas. I want to know whether, as a result of that, NABARD will face the same problem in regard to Non-performing Assets or not. The hon. Minister should clarify that. I also want to know whether there is any safeguard in the Bill or not. I do not find anywhere that a safeguard has been provided. When the Government is bringing this amendment, it is based on the experience that we have during the past 18 years. The point is that the problems that we are facing, and whether there is any proposal to overcome those problems, have not been stated in the Bill. Personally I am not against this Bill. But I am against promulgation of an Ordinance which was not necessary. There was no urgency to promulgate an Ordinance. The Government should have brought in the Bill during this Session without promulgation of Ordinance.

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): Mr. Chairman, Sir, I beg to move : "That the Bill further to amend the National Bank for Agriculture and Rural Development Act, 1981, be taken into consideration." Sir, I am grateful to hon. Member Shri Basu Deb Acharia for having supported this Bill despite the reservation that he has on the promulgation of the Ordinance. This Bill seeks to amend the NABARD Act fairly comprehensively in order to strengthen NABARD both financially and as an institution, in order to enable it to perform the responsibilities which are being caused upon NABARD for the development of agriculture, rural industries, small-scale industries, handicrafts, in fact the entire rural economy, distribution of *Kisan* credit cards, support to the self-help groups and all that. Now, the Bill very clearly spells out the provisions which are being amended and the reasons as to why they are being amended. I will not like to take the time of the House in regard to that. I will just mention that despite the fact that we had this fairly comprehensive amendment in mind and under our consideration, when we took the

Ordinance route very very reluctantly, we confined ourselves only to just one provision of the NABARD Act. It was open to the Government – if our intentions were not very honourable – and, perhaps, we could have covered the whole Bill which I am bringing before the House through that Ordinance. But we have not done it. What is it that we have done is that we have merely covered by the Ordinance route, the amendment of article 19 and that too, as the House will recall, that I had, in my Budget speech this year very clearly mentioned that I propose to restrict the plethora of exemptions which were available from capital * Moved with the recommendation of the President gains tax to a very large number of activities and units only for two purposes – to just two organisations or agencies of the Government. One was NABARD, and the other was the National Highway Authority of India. I said that their bonds alone will qualify for exemption from the capital gains tax. The Finance Act was amended to incorporate it. From 1st April, 2000 there was a period of only six months and suppose I had indulged in a transaction which enjoined upon me to pay a capital gains tax, I had to find an instrument in which I could invest in order to secure that exemption from capital gains. It is because this provision was coming in the way of NABARD issuing such a bond which did not carry any Government guarantee. Therefore, willy-nilly or perforce, we had to take the Ordinance route on the 26th of September because on the 30th of September, the six months period was coming to an end so that the bonds could be floated by NABARD and those who were desirous could take advantage of those bonds and invest in them in order to secure exemption from capital gains. This was the compulsion on the Government to promulgate the Ordinance. Our intentions were entirely honourable and, therefore, we had to do it. Now, I am very happy to inform the hon. House that within this very short period, from 26th of September when we enabled NABARD to issue the bonds, so far, until last Saturday, NABARD has already collected an amount of Rs. 465 crore. The Chairman and Managing Director of NABARD informs me that he is hoping that before the end of this fiscal year, it will be possible for NABARD to collect an amount of something like Rs. 1,500 crore. Now, this is how we are trying to direct the savings of the people so that they are used for such worthwhile purposes as agriculture and rural development and the national highway development programme. So, that was the compulsion. While we had to move the amendment, the other amendments are all in order. I would suggest that the Bill be taken up for consideration of this House.

MR. CHAIRMAN : Motions moved: "That this House disapproves of the National Bank for Agriculture and Rural Development (Amendment) Ordinance, 2000 (No. 4 of 2000) promulgated by the President on 26th September, 2000." "That the Bill further to amend the National Bank for Agriculture and Rural Act, 1981, be taken into consideration."—

SHRI PRIYA RANJAN DASMUNSI (RAIGANJ): Mr. Chairman, Sir, first of all, I would like to inform the hon. Minister, through you, that though he gave his version for bringing the Ordinance, the reasons for that and the compulsion, I think, the Government functions in toto. We, from the Opposition, especially from our Party, feel that the National Agriculture Policy is yet to be implemented -- even after being debated in the House, it is pending with the Government -- but the Government is very seriously thinking of changing the equity ratio in the public sector banks. They brought a legislation, which we oppose. The Government further feels that much more emphasis needs to be given, if not already given in their earlier Budget, maybe in the next Budget. So, this piece of legislation should not be looked at in isolation. Sir, the Minister has admitted that it is a comprehensive legislation. I remember, in 1969, when Indiraji nationalised the banks, at a public rally in Calcutta, she said, "It is not enough to fulfil our dream of *garibi hatao*; maybe, some areas are left where selectively we will have to look into." In 1972, in the Congress Session in Calcutta, there was a memorandum prepared by 200 to 300 delegates saying, 'that the present structure of the nationalised banks is not appropriate to meet the aspirations of the rural development programme relating to agriculture, handicrafts, artisans and other activities. There are a lot of delays in getting the loans, and time has come when a new approach has to be developed for the rural development programme, especially for agriculture.' Somehow, it could not be looked into. In 1977, the Congress Party went out of power; Shrimati Gandhi was not in power. In 1980, when Shrimati Gandhi came back to power, the same memorandum was repeated, and the then Government headed by Shrimati Gandhi brought this piece of legislation concerning the National Bank for Agriculture and Rural Development. In 1982, it was finally given a shape in terms of a Board. I am very grateful to the hon. Finance Minister who made it very clear, without any ambiguity, that keeping in view the present economic reforms, liberalisation, competitiveness and viability of this Bank, certain amendments were thought of like advising the bank to float and sell debentures and, therefore, the Ordinance was necessary. Sir, how many amendments to this Act have been proposed? Let just go through them. Amendments have been proposed to Sections 2, 6, 7, 8, 12, 14, 19, 20, 25, 26, 27, 28, 29, 30, 32, 33, 34, 35, 37, 38, 40, 44, 45, 47, 52 and 60. So many amendments to the main Act has been proposed in this Bill. Now, when the Ministry is considering such a comprehensive legislation – whether we agree or disagree is a different matter – and is considering amending so many provisions of the statute, was it not proper to refer this Bill to the Standing Committee where the Members could have applied their minds more objectively over the functioning of the present NABARD and also to the proposals contained in this legislation and given their suggestions on it? I agree that at the fag end of the day this Bill would be debated for, say, some two hours and some Members would say 'ayes' and some Members would say 'noes' and a Bill, as important as this, with whom are linked the fate of the rural economy, specially of the agriculturists, artisans and others, would

get passed. Sir, there are not one or two or three amendments to this Bill. I have been reading this Bill for the last one week now. There is a contradiction here. The hon. Minister in the Statement of Objects and Reasons of the Bill has tended to give a feeling to this House that this Bill is being brought forward in order to give more autonomy to NABARD so that they could function more smoothly, free from the bureaucratic tangle. This is what is apparently the reason for amending Section 5 of the Bill.

Sir, now, what autonomy would this Bank get after amending this Bill? It would be something like what the *Prasar Bharati* is getting. The *Prasar Bharati* is under the control of the Ministry of Information and Broadcasting. It has no real autonomy. I would like to give an example of that here. Shri Paranjpe, who is very much concerned about banking matters, would appreciate what I am trying to say here. Sir, section V says that there should be a Chairman. Now, who is this Chairman? We all know that the Chairman is a nominee of the Government. Technically one can say that his appointment is cleared by the Cabinet Committee on Appointments and such other things. But he is a nominee of the Government. Then it says that there would be three Directors from amongst experts in rural economics, rural development, village and cottage industries, small-scale industries or persons having experience in the working of co-operative banks, regional rural banks or commercial banks or any other matter the special knowledge or professional experience in which is considered by the Central Government as useful to the National Bank. So, there are three more nominees of the Government. Then there would be three Directors from out of the Directors of the Reserve Bank. So, the total number comes to seven. Again, there would be three more Directors from amongst the officials of the Central Government. So, it comes to ten in all. Again, there would be four Directors from amongst the officials of the State Government and that takes the figure to 14 persons. Now, what is being proposed in the Bill? It says: "such number of directors elected in the prescribed manner, by shareholders other than the Reserve Bank, the Central Government and other institutions...." But the question is, in what capacity? There would be two Directors where the issued equity share capital is less than ten per cent; there would be three Directors where the issued equity share capital is less than 25 per cent and four Directors where the total equity share capital is more than 25 per cent. So, in all there would be ten non-Government Directors. So, what is the game plan of the Government? The Section further says: "...provided that until the assumption of charge by the elected directors under this clause, the Central Government may at any time nominate such number of directors not exceeding four from amongst persons having special knowledge of and professional experience in....." Now, they could be retired Chairmen of Banks or retired Joint Secretaries of the Government. So, it is a game of ten persons against 14 persons. Now, can a Board consisting of 14 Government nominees and 10 non-Government nominees function smoothly and dispose of matters as per the aspirations of the people? Mr. Finance Minister, yourself being a public representative – affairs of the NABARD relate mostly to rural field activities – could you not have included one more paragraph in the Bill saying that there would be two Members of Parliament from Lok Sabha and two Members of Parliament from the Rajya Sabha on the Board who could have guided the destiny of the people in terms of the people's aspirations? It seems the officers advise the Minister to keep Members of Parliament and other people's representatives as far away as possible from such things as they would spoil the whole thing for them. This system of 17 Directors *versus* Nine Directors on the Board would not make it an autonomous Board. I am sorry to disagree with the hon. Finance Minister's claim that it would reflect the aspirations of the people. I feel that this Bill should have been referred to the Standing Committee. Or else, the Minister could have brought an amendment *suo motu* to this effect. जब इतने डायरेक्टर्स ले लिये हैं तो लोक सभा और राज्य सभा से भी दो-दो, चार-चार नोमिनी स्पीकर साहब की निगरानी में रहते तो there could have been better monitoring of the schemes. Most of the Members of Parliament coming from rural areas know that there is a scheme called Rural Infrastructure Development Fund (RIDF). जो देहाती क्षेत्र के सांसद हैं, उनको मालूम होना चाहिए। It is a very powerful scheme where the larger stake is of NABARD. However, no Member of Parliament has any role in it. No Member of Parliament can say a single word in the consideration of projects. Members of *Zilla Parishad*, *Panchayat* and even MLAs have a role in it. SHRI PRAKASH PARANJPE (THANE): In the last meeting of Committee of Finance we had asked NABARD to circulate all their schemes to all Members of Parliament. Members of Parliament are not aware as to which are the schemes under which people can avail of loans, what are the eligibility conditions for those loans, etc. However, we have not received any such information from them so far. SHRI PRIYA RANJAN DASMUNSI: The objects of the Government in terms of present economic reforms, etc., have been explained. What does NABARD do? I will tell you what NABARD does. When I was in the Ministry of Commerce, we took a long-term view of tea situation in the country. Production of tea then, was 430 million kilograms. We felt that a cup of hot tea was the only beverage the poor man could think of after the end of a hard day. This is the only beverage that a poor man can afford. We decided that production should be increased by resorting to more plantations, and other methods; and that NABARD should play a major role. NABARD gave an idea that NABARD's capacity was limited and that they could not do it. If tea plantation is done aggressively today by involving NABARD, after five years we are likely to be importing tea into the country. Our export surplus is nil. Moreover, Kenyan tea and Sri Lankan tea is being dumped. Therefore, the contribution of NABARD in this vital sector has not been there to the extent it should have been. I was referring to RIDF. There are several Districts in Gujarat, Bihar and Uttar Pradesh where rural artisans are doing good work. The Minister comes from Bihar and he knows about Madhubani paintings being exported. The artisans of Haryana, Rajasthan and other States carry their artefacts to *melas* every year to sell them. NABARD has a greater responsibility towards them. Does anybody

believe sincerely that a Board consisting of all those people consider favourably even one application made by those artisans? I come to the new agricultural policy. I am sorry to say - I am not accusing anybody or casting aspersions on any individual - that this Government's National Agriculture Policy would encourage big farming groups, who have not paid taxes for the last so many years, to grab the benefits of NABARD. How can the so-called artisans and small farmers benefit from NABARD? Those people in the village do not have a spokesman to talk about their plight. Their projects will get the lowest priority, if the system is so much bureaucratised. There is still time. If the Minister does not get the Bill passed tonight, heavens would not fall. He could consider referring it to the Standing Committee for a comprehensive discussion, and he should respond to recommendations of the Committee. However, if the Minister is in a hurry to have this Bill passed, he could bring an amendment to this in the Budget Session to provide representation on the Board to people's representatives. At least four or five legislators of the Assemblies could be nominated to the State Board. In the National Board, at least, the Lok Sabha and the Rajya Sabha nominees should be there because it is we, the MPs, who understand the pulse in the village and it is we, who have to compete and combat the pressure of the bureaucracy *vis-à-vis* the aspirations of the people. With these words, I once again request the hon. Minister to accept the suggestions made by me.

SHRI VIJAYAN (NAGAPATTINAM): Mr. Chairman, Sir, thank you very much for allowing me to speak on this Bill. On behalf of the DMK party, I support this Bill. This is a good Bill to help the entire poor agriculturists who are very much in need of support from the Government. It is my suggestion that the Government should make the rules simplified so that the illiterate agriculturists do not face any hardships in getting the loan. Sir, about the recovery of loan, I would suggest that the banks should not consider the same yardstick for all the loanees. If the agriculturists' crops have been damaged due to flood or drought, the banks should consider the condition of those farmers and defer the instalments at least for a year. The banks' motto should be 'service to the farmers', and they should not be mere profit-making organisations. India is an agricultural country. More than half of the people are involved in farming activities. But the capital of the banks is not at all sufficient. So, I would request the Government of India to kindly increase the capital so that it may be of great help to the farmers. Sir, in 1994, NABARD and the Tamil Nadu State Cooperative Bank had entered into an agreement for not allowing any waiving of interest or deferments of any loan. So, even, the present Tamil Nadu Government wants to help the farmers but NABARD stands in the way. The hon. Chief Minister, Dr. Kalainger has agreed to repay the interest of the defaulting farmers. But NABARD refuses to accept it from the State Government because of the agreement signed earlier. NABARD wants to realise the amount from the farmers only. Sir, in the meantime, the Tamil Nadu Government has released Rs. 13 crore for waiving the penal interest. The State Government of Tamil Nadu under the eminent leader Dr. Kalainger also gave incentives amounting to Rs. 20 crore to the farmers. So, the present Government of Tamil Nadu is doing everything possible to safeguard the interest of the farmers. Sir, I have another suggestion to make. From the farmers side, one Director may be appointed there. With these words, I once again support this Bill

SHRI MOINUL HASSAN (MURSHIDABAD): Mr. Chairman, Sir, I rise here to support the Bill with some reservations. Here, I recall my memory. During the time of its establishment, in 1982, it was said that NABARD will provide undivided attention, forceful direction and pointed focus towards the problems of agricultue credit. It was the main objective of NABARD when it was established during 1982 under the Act passed by this august House in 1981. Sir, here also, in the Statement of Objects and Reasons, the hon. Finance Minister has said: "The Act is being amended with a view to giving more powers to the Board of the Bank in place of the Central Government so that its work may be transacted more smoothly and quickly. " Sir, I am very much in favour of these words "work may be transacted more smoothly and quickly." But I suppose, there is a contradiction. I would like to read out clause 5 (2). It says: "The Chairman and other Directors excluding the Directors referred to in clause (f) shall be appointed by the Central Government in consultation with the Reserve Bank." I suppose, it is not correct. Already Shri Priya Ranjan Dasmunsi has dealt with at length on what type of autonomy the Government wants. Out of 23 Directors, ten are elected by the shareholders in different categories. I suppose it is contradictory. Most of the people on the Board are nominated by the Government. It is very much possible to convey the Government's own decisions through the Board. It would not be in the interests of the common people, farmers and agriculturists who are very much connected with NABARD.

In the original Act, there was a provision for a Managing Director on the Board. Section 6 (2) says: "Provided that the Central Government shall also consult the Board with regard to any appointment except appointment to the first Board, to the office of the Managing Director." But we have seen in this Act that the earlier provision has been deleted. In this Act, both the Chairman and the Managing Director are inserted into the Board in consultation with the Reserve Bank. So, for the appointment of the Managing Director, there is no provision to consult the Board at all. The Government is trying to squeeze the power of the Board that they have formed. This is a very important matter. Section 1 (b) deals with the provision so far as the vacancy of the office of the Chairman is concerned. It says: "In the case of vacancy in the office of the Chairman, the Managing Director shall perform the function and duties of the Chairman " Why this provision been inserted? It is not understandable to me. There are two posts - Chairman and Managing Director. If there is no Chairman, the Government has to provide a Chairman as early as possible. In the earlier Act there was no provision like this. In the last couple of years, there has been no Chairman

of the NABARD. I get an impression that recently the Managing Director became the Chairman and the post of Managing Director is vacant till now. I think, this type of an attitude towards an august institution like NABARD is not befitting. I cannot understand why this provision has been brought in by the Government. In section 17, that is section 30 of the original Act, it has been mentioned 'in exceptional circumstances' * NABARD will provide finance to any person and body corporate but 'exceptional circumstances' has not been defined. It seems that NABARD is trying to go in for direct investments like SIDBI. I have a great reservation on this point. We know that NABARD is an institution to refinance, to improve facilities of working class, the agriculturists everywhere. It has also to improve the financial situation of the State Cooperative Banks, the commercial banks and others. But we are not in a position to see NABARD as a direct financial organisation like SIDBI. I suppose the Government will take care of it. Another point that I would like to say is this. Shri Dasmunsi has already touched that point. The Government has reduced the representation of Cooperative banks in this Act. Earlier, their representation was two and it was specific, but now, that Clause is removed. The Government has told many times recently so far cooperative representation is concern, that it is under process and it will do. But, in this so-called comprehensive Bill, it has done one thing, that is, to reduce the representation of Cooperative banks in the Board. I request the hon. Finance Minister to consider this. I suppose they would pull out from the NABARD arena. I request the hon. Minister to consider this. I will take another two or three more minutes only. I would like to say something about the NABARD activity. NABARD should, with immediate effect, withdraw the upward revision of its refinance rate to SCBs and DCCBs by 1.5 per cent per annum, which has been made effective from 1.10.1999. Secondly, NABARD should do away with the policy and concept of Minimum Involvement based on internal lendable resources as the concept is not in tune with the role of SCBs and DCCBs as refinancing agencies. Thirdly, NABARD should waive the condition of Government guarantee for availing refinance. Fourthly, the Government of India should consider the suggestion to waive off the Guarantee Fee being levied from the State Cooperative Banks in Union Territories. MR. CHAIRMAN : We have to finish this Bill in five minutes and we have to complete all the items today itself.

SHRI MOINUL HASSAN : Finally I am on General Lending of credit. I would say that this was raised to Rs.5700 crore only from Rs.1200 crore over a period of 18 years. I would request our hon. Finance Minister and NABARD to do something in this respect since the Government of India has already announced that their expectation is 25 per cent growth in lending for agricultural purposes. If they do not do anything, then, this growth may not take place. It is my apprehension. With these words, I conclude. Thank you very much.

MR. CHAIRMAN : Hon. Minister may answer now....(*Interruptions*)

SHRI E.M. SUDARSANA NATCHIAPPAN (SIVAGANGA): Sir, how can you do like this? Are we coming here for fun? ...(*Interruptions*)

MR. CHAIRMAN : No.

SHRI E.M. SUDARSANA NATCHIAPPAN : We are sitting in Parliament from morning to evening. But you are not allowing us and you are allowing the Minister to answer now. ...(*Interruptions*)

MR. CHAIRMAN : You have seen the other Bill. ...(*Interruptions*)

SHRI E.M. SUDARSANA NATCHIAPPAN : What for are we being elected as MPs? What is the purpose? I want to get an answer from you. Are we just coming here to sit here since morning till evening, seeing others speaking and go away? We hear only shouts from morning to evening here. But I have prepared everything. You can leave it as it is and you can get nothing for Parliament at all. What is this? ...(*Interruptions*)

MR. CHAIRMAN : Mr. Minister may now answer. ...(*Interruptions*)

SHRI E.M. SUDARSANA NATCHIAPPAN : Sir, ...(*Expunged as ordered by the Chair*) -

MR. CHAIRMAN : Actually, there was a list given by the BJP, of the Members who wanted to speak. But I have not given chances to anybody. A list has been given by that Party. From the Ruling Party itself, nobody was allowed. ...(*Interruptions*)

SHRI E.M. SUDARSANA NATCHIAPPAN : What for are we here? ...(*Interruptions*)

SHRI T.M. SELVAGANPATHI (SALEM): Sir, nobody can cast aspersions on the Chair. ...(*Interruptions*)

MR. CHAIRMAN : Many names have been given, but I have not called anybody. ...(*Interruptions*)

SHRI E.M. SUDARSANA NATCHIAPPAN : My name has been given. You are not calling me. I am walking out. ...(*Interruptions*) It is a very sad situation. ...(*Interruptions*)

(At this stage, Shri E.M. Sudarsana Natchiappan left the House.)

MR. CHAIRMAN : Hon. Minister may answer.

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): I am grateful to the hon. Members who have taken part in this discussion. I am also grateful to them for the support that they have extended to this Bill during the course of their intervention. As I said in the beginning, we must remember that NABARD is only a refinancing Bank. Its basic purpose is to refinance cooperative banks, rural banks and even the commercial banks wherever they lend for agriculture or rural development. Through this amendment, for the first time, we are enabling NABARD to indulge in direct lending wherever they feel that such a situation or such lending is worthwhile. They can lend directly to State Governments, Non-Governmental Organisations, and commercial organisations. A question was raised about the autonomy of the Bank. There is a concern as to how the Government will ensure autonomy of the Bank when it is nominating the Board of Directors of the Bank. The Government's intention is to ensure that NABARD becomes more autonomous. Therefore, through these amendments, we are transferring a number of responsibilities. According to the existing Act, NABARD has to come to the Government in order to be able to take a decision. This is the first time that we are empowering NABARD to take decisions in these matters. Let me also say that the concept of autonomy is not merely the letter or law. The concept of autonomy is also the state of mind and the Government is committed to ensure that not only NABARD and RBI but also other financial institutions function with as much autonomy as possible. I can say without fear of contradiction that from the Ministry of Finance, we are not interfering in the day-to-day functioning of these institutions. It is only when certain policy issues arise that we sit down with them and give them whatever advice we are capable of giving them. Shri Priya Ranjan Dasmunsi was making a number of points about how the Board of Directors will be constituted. We are not making any change in the constitution of Board of Directors except one. That also arises out of the recommendation that the Inter-State Council made. When the Chief Ministers met in the Inter-State Council, they said that the present representation of the State Governments on the Board of NABARD is very inadequate. The previous Act provided for only two representatives from the State. They suggested that there should at least be four. We are accepting that recommendation from the State Governments through Inter State Council and we are increasing the number of representatives of the State Governments to four. But we do not want to extend the number in the Board. We are keeping it confined to fifteen. Therefore, we are reducing the number of experts from five to three. In the previous Act, there were three Directors from the Reserve Bank of India. That provision is being retained. In the previous Act, there were three Directors from the Government. That is being retained. So, we are not interfering with any of the other provision as far as Board of Directors are concerned. Let me assure the House that we will be very watchful of the autonomous functioning of NABARD and ensure through the provisions of this Bill that NABARD does act as an autonomous organisation. I am grateful to Shri Vijayan for having supported this. This will ensure NABARD to go into rural areas in a much bigger way because after all we are increasing the capital from Rs. 500 crore to Rs. 5000 crore. This is a major increase and that I am sure will help NABARD to play a more effective role. There are other things. Shri Priya Ranjan Dasmunsi, referred to RIDF, You are aware, Sir, that through successive Budgets, I have now raised the RIDF to Rs.4,500 crore annually and the performance is extremely encouraging. Shri Basu Deb Acharia has left the House. He had raised the issue of the performance of NABARD generally. I have here all the figures and I find from these figures that whether it is a short-term finance, investment tri finance, medium term loan, long-term loan or RIDF, everywhere there has been a very significant increase in the lending or refinancing by NABARD. It is not our intention to choke the re-financing of NABARD to any sector, whether it is a cooperative sector or rural banks. In fact, only the other day we had a meeting in Delhi where my colleague, Shri B.K. Patil and I both were present. There were Ministers of Cooperative from the State Governments. We are looking at the entire cooperative banking structure. We have appointed a Committee under the Deputy Governor of RBI who has submitted the report. The report was considered in that meeting where the State Government officials, Ministers and others had participated. The Government has clearly and forthrightly shown its commitment to strengthening of the cooperative institutions and NABARD will be at the back of the cooperative institutions giving them all the support that is needed. So, Sir, we are trying to make, through this amendment, NABARD a more powerful tool of intervention through its credit facilities in the rural areas and I am quite sure that this role will be performed very well by the NABARD in the years to come. With these few words, I would like to commend this Bill to the House and I hope that it will be passed unanimously by acclaim.

MR. CHAIRMAN : The question is:"That this House disapproves of the National Bank for Agriculture and Rural Development (Amendment) Ordinance, 2000 (No.4 of 2000) promulgated by the President on 26 September, 2000"

The motion was negatived.

MR. CHAIRMAN: *The question is:*"That the Bill further to amend the National Bank for Agriculture and Rural Development Act, 1981, be taken into consideration. *The motion was adopted.*

MR. CHAIRMAN: The House shall now take up clause-by-clause consideration of the Bill. The question is:"That clauses 2 to 31 stand part of the Bill."*The motion was adopted. Clauses 2 to 31 were added to the Bill. Clause 1, the*

Enacting Formula and the Long Title were added to the Bill.

MR. CHAIRMAN: The Minister may now move that the Bill be passed.

SHRI YASHWANT SINHA: I beg to move that: "That the Bill be passed."

MR. CHAIRMAN: The question is: "That the Bill be passed." *The motion was adopted.*-----

1949 hours