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Title: Combined discussion on the statutory resolution regarding disapproval of the State Bank of India (Amendment) Ordinance, No. 5 of 2007 and the State Bank of India (Amendment) Bill, 2007. (Bill Passed).

MADAM CHAIRMAN : The House shall now take up Items 17 and 18 together. Shri Ramji Lal Suman to move the Statutory Resolution.

श्री रामजीलाल सुमन (फ़िरोज़ाबाद): सभापति महोदया, मैं प्रस्ताव करता हूँ:

"कि यह सभा 21 जून, 2007 को राष्ट्रपति द्वारा प्रख्यापित भारतीय स्टेट बैंक (संशोधन) अध्यादेश, 2007 (2007 का संख्यांक 5) का निरनुमोदन करती है।"

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): Madam, on behalf of my colleague Shri P. Chidambaram, I beg to move *

"That the Bill further to amend the State Bank of India Act, 1955, be taken into consideration."

Madam, while deliberating on the issue of regulation and supervision, the Committee on Banking Sector Reforms, that is, the Narasimham Committee II, had observed that it is inconsistent with the principles of effective supervision that the regulator (even in the interim period, namely the Reserve Bank) is also an owner of the bank. This would require the RBI to divest its holding in banks and financial institutions. The Committee was of the view that, appropriately, RBI should not own the institutions it regulates. In the discussion paper prepared by RBI on 'Harmonising the Role and Operations of Development Financial Institutions and Banks (January 1999)', it suggested that in order to enable RBI to focus on its regulatory and supervisory functions, RBI should not continue with its ownership functions in both commercial banking and refinance of development

finance segments. The ownership of financing institutions could ideally be delinked from RBI through the transfer of such ownership to the Government.

* Moved with the recommendation of the President

Madam, RBI accepted these recommendations for transfer of its shareholding in SBI to the Central Government. In its Monetary and Credit Policy for the year 2001-02, RBI announced its intention to transfer the ownership of shares in SBI. On 10th October 2005, RBI furnished the details of legislative changes required for divestment of RBI's shareholding in SBI. On 10th February 2006, RBI informed the financial implications of the proposal of transfer of shares. On 1st march 2006, RBI sent draft legislation for making necessary amendments in the SBI Act, 1955 for transfer of its shareholding in SBI to the Government. In February 2007, the Government approved the proposal for transfer of ownership of shareholding of RBI, in the SBI, to the Central Government. The transaction involved transfer of the entire equity held by RBI in the SBI, that 31,43,39,200 shares comprising 59.73 per cent of the total equity shares. In the current year's budget a sum of Rs.40,000 crore was provided for this purpose.

Madam, in view of the large amount involved, it was decided to complete the transaction before 30th June 2007, that is, the date of closure of the annual account of the Reserve Bank of India. Hence, it became necessary to carry out urgently the required amendments in the SBI Act 1955.

[r33] As both the Houses of Parliament were not in Session, the State Bank of India (Amendment) Ordinance 2007 (5 of 2007) was promulgated on 21st June, 2007 which came into force on the 29th June, 2007. The transfer of shares from the RBI to Central Government before 30th June, 2007, i.e. in the current financial year of the RBI, has enabled the RBI to transfer all its profits due to this transfer as a part of the annual transfer of surplus to the Central Government.

The said Ordinance has amended the State Bank of India Act, 1955 to enable the transfer of RBI's shareholding in State Bank of India to Central Government. The amendments are confined only to substituting the words "Central Government" or "Government" for "Reserve bank" or "Bank" at 14 places and omitting the reference of Reserve Bank at 2 places in the State Bank of India Act, 1955. This Bill seeks to replace the aforesaid Ordinance.

With these words, I commend this august House to consider the Bill.

MADAM CHAIRMAN : Motions moved:

"That this House disapproves of the State Bank of India (Amendment) Ordinance, 2007 (No. 5 of 2007) promulgated by the President on 21 June, 2007."

"That the Bill further to amend the State Bank of India Act, 1955, be taken into consideration."

श्री रामजीलाल सुमन (फ़िरोज़ाबाद) : सभापति महोदया, इस आर्डिनेंस का देश के विकास और आम आदमी से क्या संबंध है, यह मैं नहीं समझ पा रहा हूँ। सरकार की जो अपनी उधार लेने की प्रवृत्ति है उसे सरकार इसके माध्यम से न्यायोचित बनाना चाहती है। रिजर्व बैंक ऑफ इंडिया के लगभग 60 प्रतिशत शेयरों को स्टेट बैंक ऑफ इंडिया के लिए खरीदने हेतु सरकार 40 हजार करोड़ रुपया बाजार से उधार लेना चाहती है। मेरी जानकारी है कि अब तक सरकार बजट अनुमान से कहीं ज्यादा अधिक उधार बाजार से ले चुकी है। हर वर्ष सरकार पर उधार का बोझ बढ़ता जा रहा है। अभी आप 60 प्रतिशत शेयर रिजर्व बैंक ऑफ इंडिया से स्टेट बैंक ऑफ इंडिया को ट्रांसफर करेंगे और बाद में बैंक रिफॉर्म के नाम पर 51 परसेंट शेयर में सरकार की भागीदारी तय है, इसका अर्थ यह है कि 9 परसेंट शेयर आखिर हस्तांतरित करेंगे और फिर धन बटोरने का काम किया जाएगा। सभापति महोदया, यह प्रवृत्ति बहुत घातक है। सरकार मात्र तकनीकी विप्लवकारों से देश पर कर्ज के बोझ को डालने का काम और उधार लेने का काम करने की अपनी प्रवृत्ति को न्यायसंगत बनाने के अलावा इस आर्डिनेंस में कुछ नहीं कर रही है और मैं इसका विरोध करता हूँ।

श्री लक्ष्मण सिंह (राजगढ़) : इस आर्डिनेंस के माध्यम से जो प्रस्ताव आज मंत्री जी लाए हैं मैं उसका विरोध नहीं करता हूँ लेकिन मैं चाहूंगा कि माननीय मंत्री जी कुछ मुद्दों पर स्पष्टीकरण दें। हम यह भी चाहेंगे कि जो हमारे सुझाव हैं उनका भी समावेश किया जाए। यह सर्वविदित है कि चाहे स्टेट बैंक ऑफ इंडिया हो या कोई भी राष्ट्रीयकृत बैंक हो, जब डिफॉल्ट्स की कमी आ रही थी और ऋण की मात्रा बढ़ती जा रही थी, इसीलिए नरसिंहन कमेटी का गठन हुआ था। हम जानना चाहेंगे कि नरसिंहन कमेटी की कितनी सिफारिशें और सुझाव आपने लिये हैं, कितनों का समावेश किया गया है और कितनों का समावेश नहीं किया गया है, किया है तो क्यों किया है और नहीं किया है तो क्यों नहीं किया है? नरसिंहन कमेटी की सिफारिशों का स्पष्टीकरण हमें मिल जाए। अच्छा होता अगर स्टैंडिंग कमेटी की रिपोर्ट आती और उसके बाद इसे लाया जाता, परन्तु आपने उसकी मजबूती बताई और हम भी समझते हैं कि जो बेसल कंवेन्शन आपका हुआ था उसमें अंतर्राष्ट्रीय बैंकिंग के कुछ नियम बने हैं और स्टेट बैंक ऑफ इंडिया को एक ग्लोबल बैंक बनाने की जो योजना है, वह अच्छी बात है और यही आपकी मजबूती रही जो आपको आर्डिनेंस लाना पड़ा। पहले आपने निर्णय लिया कि 20 करोड़ रुपये की इविटटी को 5 हजार करोड़ रुपये की इविटटी बनाने का अधिकार पहले अमेंडमेंट में आपने दिया और अब आपने आरबीआई का शेयर 59.73 परसेंट से कम करके 51 परसेंट किया है तथा 40 हजार करोड़ रुपया एस्बीआई को आप देने जा रहे हैं। एक स्पष्टीकरण हम आपसे चाहेंगे कि आपकी कैबिनेट कमेटी ने एक निर्णय लिया है कि 900 करोड़ रुपया आप जेएम फाइनेंस इंडिया-वन और थू मारिशस ऑफशोर फंड इसके माध्यम से ला रहे हैं, इसका क्या लाभ है और क्या हानि है। [r34]

यह रुपया मोरीशस ऑफशोर फंड से लाने का क्या औचित्य है, इसका भी स्पष्टीकरण आप दें?

अमेंडमेंट बिल की चर्चा करना आवश्यक है, क्योंकि इस आर्डिनेंस पर चर्चा करने के लिए ज्यादा विषय नहीं है।

MADAM CHAIRMAN : We have taken them together.

श्री लक्ष्मण सिंह : महोदया, इनका लिंक है, इसलिए उल्लेख करना जरूरी है। अमेंडमेंट बिल में कहा है कि स्टेट बैंक ऑफ इंडिया इन्फॉरमेशन सैक्टर में भी प्रवेश कर रहा है और अंतर्राष्ट्रीय बाजार में एक्सपेंशन मैनेजमेंट फंड में और म्युचुअल फंड में पूंजी निवेश कर रहा है तथा अंतर्राष्ट्रीय कंपनियों के साथ भागीदारी कर रहा है। एक विदेशी कंपनी कार्डिक एस.ए. के साथ इन्फॉरमेशन सैक्टर में स्टेट बैंक ऑफ इंडिया ने भागीदारी की है और म्युचुअल फंड सैक्टर में सोसाइटी जैनेरल कोई विदेशी कंपनी है, उसके साथ आपने भागीदारी की है। मंत्री जी हम चाहते हैं कि ये जो दो विदेशी कंपनियां हैं, जिनके साथ आपने भागीदारी की है, इनका लेखा-जोखा भी आप सदन के सामने रखें कि ये किस तरह की कंपनियां हैं, इनकी क्या रेपुटेशन है? अगर कभी ये कंपनियां डिफॉल्ट करती हैं, और अगर आप पर कहीं से इन विदेशी कंपनियों को बचाने का दबाव आए, उस दबाव में आप नहीं आएं, ऐसा मैं मानता हूँ, लेकिन ऐसा हो, इससे अच्छा है कि आप सदन को एक लेखा-जोखा इन कंपनियों के बारे में दें।

हम स्टेट बैंक ऑफ इंडिया को ग्लोबल बैंक बना रहे हैं, यह अच्छी बात है, लेकिन हमें यह नहीं भूलना चाहिए कि ग्रामीण क्षेत्रों में स्टेट बैंक ऑफ इंडिया की ज्यादा शाखाएं हैं, ग्लोबल बैंक बनाने के चक्कर में हम कहीं ग्रामीण क्षेत्रों के विकास के जो कार्यक्रम हैं, उन्हें नुकसान न हो, इस बारे में देख-रेख करने की आवश्यकता है। स्टेट बैंक कि 9 हजार शाखाएं हैं और 60 प्रतिशत ग्रामीण क्षेत्रों में हैं। लगभग 22 प्रतिशत आपकी आय ग्रामीण क्षेत्रों से होती है। पहले भी एक सुझाव आया था कि ग्रामीण क्षेत्रों में पोस्ट ऑफिस के माध्यम से स्टेट बैंक ओपरेट करे। पोस्ट ऑफिस में स्टेट बैंक की शाखा खुले, इस प्रस्ताव के बारे में क्या हो रहा है, वह किस स्तर पर है? अगर ऐसा होता है, तो स्टेट बैंक गाँव-गाँव तक पहुंचेगी और ग्रामीण क्षेत्रों में इसका लाभ हमें मिलेगा।

अंत में मैं कहना चाहता हूँ कि स्टेट बैंक ऑफ इंडिया के रिटर्न आन ऐसैट्स हैं, उसके अगर आंकड़े देखें तो भी विचार करना आवश्यक है। In 2003-04, the Return on Assets in respect of State Bank of India was 0.94 per cent and it came down to 0.84 per cent in 2006-07; in the case of Punjab National Bank it was 1.08 per cent in 2003-04 and it came down to 1.03 per cent in 2006-07; in the case of Canara Bank, it was 1.34 per cent in 2003-04 and it came down to 0.98 per cent in 2006-07; in the case of Overseas Bank, it was 1.07 per cent in 2003-04 and it became 1.21 per cent. यह कुछ बढ़ा है, लेकिन बहुत मार्जिनल बढ़ा है। In the case of ICICI bank, it was 1.41 per cent in 2003-04 and it came down to 1.1 per cent in 2006-07. क्या कारण है कि हर बैंक के रिटर्न आन ऐसैट्स घटे हैं, बढ़े नहीं हैं। इन्हें बढ़ाने के लिए आप क्या कदम उठाने जा रहे हैं? ग्रामीण क्षेत्रों में भी स्टेट बैंक को प्रभावी ढंग से वित्तियत करना चाहिए। हमें यह नहीं भूलना चाहिए कि भले ही हम विश्व में चौथे नम्बर पर अमीर देश हैं, लेकिन ह्यूमन डैवलपमेंट रिपोर्ट में हमारा 126वां नम्बर है। ग्लोबल बैंक की तरफ आप जाइए, लेकिन ह्यूमन डैवलपमेंट रिपोर्ट में हमारा जो 126वां स्थान है, उसमें हमारा और ज्यादा अच्छा प्रदर्शन होना चाहिए।

अंत में मैं एक बात और कहना चाहूंगा, जो बैंक की कार्य प्रणाली से संबंधित है, क्योंकि आप 40 हजार करोड़ रुपया दे रहे हैं। [R35]

लेकिन मैं आपका ध्यान इंडियन एक्सप्रेस के 7 मई के एक समाचार की ओर आकर्षित करना चाहूंगा और आपकी अनुमति से उसे पढ़ना चाहूंगा। श्री आर.पी. सिंह, जो सीएमडी, पंजाब एंड सिंध बैंक, के हैं, उन्होंने बैंकिंग सैक्टर में श्री विनोद राय को एक पत्र लिखा और पत्र में जो कुछ लिखा, वह ध्यान देने वाली बात है।

"The Bank has suffered in the past due to reckless lending because of political interference and an obliging management, which resulted in accumulation of the highest NPAs in the country. If the Government wants this Bank to survive, the Bank should have Directors, who are not only professionals but also men of integrity and not connected with local politics."

Now, this is a very serious matter, and I hope that the hon. Finance Minister will pay attention to this; and I wish him good luck.

SHRI K.S. RAO (ELURU): Madam, Chairperson, I rise to support this Bill, the reason being having agreed for globalization, we have to keep our banks on par with the international practices.

If we were to see the capital raised by the ICICI Bank, we would find that in one year they have raised Rs. 9,600 crore. Suppose, if we were to stick to the old norms and methods of keeping Rs. 1 crore, Rs. 10 crore, Rs. 20 crore, and all that as equity, our banks would not be in a position to compete with the multinational banks, having permitted multinational banks of operating their branches in India.

Now, what I assume is that the hon. Finance Minister wants to follow the recommendations of the Narsimhan Committee, which very categorically, stated that the Reserve Bank of India must limit itself to the activity of a regulator and not as a owner, which is true.

In fact, we discussed sometime back that the keeping the Reserve Bank Director in the nationalized banks may not be right. They can suggest some independent norms, but certainly not an officer from the Reserve Bank of India on the Board because somebody may question: "You yourselves were there in the Board meeting, you had your own representative there, what have you done at that time?" So, such questions may come. Naturally, it is better that the Reserve Bank of India must limit itself to the activity as a regulator rather than an owner.

Secondly, by transferring the entire shares to the Government of India, we are maintaining more than 51 per cent in the bank, which we wanted to keep because we do not want to allow the financial institutions or independent institutions or FDI or the multinationals to come and take more than 51 per cent in our banks. So, now, the ownership has shifted from the Reserve Bank to the Government of India. That means, there is no loss.

Moreover, this money that is transferred from the Consolidated Fund of India into the State Bank of India will enable the State Bank of India to increase its capital base, which we have also agreed, as per the Basel norms I and II that the capital adequacy ratio should not be less than 12 per cent. It can be more both Basel I and Basel II put together. This is also increase of money towards the market value of the shares held by the Reserve Bank of India, which definitely is a pride. The Reserve Bank of India is not transferring their share capital on inflated price. It is on the market price condition.

Today, if it was to be sold in the market, it might touch even more. So, we are not the loser in any manner; and we are providing Rs. 40,000 crore of equity into the bank. Tomorrow, supposing, at any time, the Government or the Parliament changes its idea that 'we do not need 51 per cent of the Government money in the bank and we can reduce it to 33 per cent' then, we may be able to sell these shares at double the price of tentative price tomorrow depending upon the profits of the bank.

Therefore, under no circumstances this transaction of pumping Rs. 40,000 crore from the Consolidated Fund of India to the State Bank of India purchasing the shares owned by the RBI is a wrong thing.[\[36\]](#)

It is a right thing at this moment. In this context, though it is a little outside of that, I just want to put one thing into the mind of the hon. Finance Minister once again, though he may not be favourable. The interest component in the banking sector has to come down. My opinion is, if the money were to earn money, then the importance of human efforts will come down.

Suppose in a particular company, there is a person whom we say he is the owner. We are aware, a couple of years back, it was found that the Escorts' Nanda, who is considered as a Managing Director, owner, Chairman and everything of that Escorts, was having only three per cent of equity at one time. When it has come to light, public notice that others are entering and purchasing the share at more than three per cent, immediately he came into form and tried to prevent it, and increased his share of equity. So, my point here is that a person having three per cent of investment in a company with 97 per cent public money

claims that he is the owner and he takes the entire dividend, entire benefit. That means, the entire sweat of the employees who are working there and the money invested from public sources--your money, my money and the public money which he has received and which has gone there--do not mean anything to him. That means, he is making the entire money.

So, my humble request to him is that if we were to decrease the rate of interest on the bank rate, then the human value, human input will be more. Then, the importance of the human beings will also come up and the remuneration for the human beings will go up. Otherwise, it is not the human beings that earn the money but it is the money that earns the money. Then, only rich man can earn money and the poor man can never come up in that.

Now, you have seen how many people are like this. I am happy that the hon. Minister has reduced the rate of interest for the farming community from ten to seven per cent. In fact, we requested him to reduce that even. A farmer cannot pay even that. It has to be reduced. A business man can pay 20 per cent or 30 per cent because he loads the entire thing to the consumer. But whereas we are fixing up the Minimum Support Price for the farmers. He is not getting anything beyond that in the open market and he has to pay the interest also to the bank.

You see how in some of the Gulf countries the rate of interest is almost zero or maximum three or four per cent. It is called in a different name. It may not be in the name of interest. There, the investor gets less. If the person who has got tremendous amount of money, wants to put it in a bank, he gets only two or three per cent but the man who works, who puts his brain into it, who sweats, will get more money. A person who has got idea, a person who is prepared to work round-the-clock, a person who takes up a project, plans for a project, works for it, puts into it innovative thoughts and new technology, will make money. He is genuine. It is genuine for him to make money but not the man who has just got merely money.

So, my humble request to the hon. Minister is to see whether he can come to that stage of reducing the rate of interest. It is not to that stage of putting zero interest. This is my first point.

Secondly, in this context, I wish to mention once again this point. I have already brought it to the notice of the hon. Minister. It is regarding empowerment of women, changing economies in the rural areas, increasing the purchasing capacity of the poorer sections and providing employment to the poorer sections. Madam, in this regard I must say that in Andhra Pradesh a number of Self-Help Groups constituted by the women are working so well. We have to see their faces. We have to see the glow in their faces. When they take Rs.10,000 loan from the bank and when they make a money of Rs.500 a month, you must see their faces and the glow and pride in their faces. Not only their income has gone up but they are also employed in a way. The State Government of Andhra Pradesh has gone to the extent of giving them an opportunity to procure maize from the farmers and then supply it to the poultry and other consumers. In this process, the producer gets a better rate, the consumer is given at a lesser rate, and they also get some margin, and they are making a living on that.

So, I would request the hon. Finance Minister to allocate more money to these women Self-Help Groups societies where the Government of Andhra Pradesh has increased the lending from the Self-Help Groups alone in the last year to Rs.2,500 crore.[\[MSOffice37\]](#)

I want it to be made Rs. 25,000 crore in one State. That means, so long as they are repaying the loan, what is the harm in giving to them? The observation is that the self-help group are repaying the money to the extent of 97 per cent. There were days, when Shrimati Indira Gandhi nationalised the banks and when the Government wanted to lend the money to the poorer sections and not to the rich alone, then there were some officers who made the claim that the money lent to the poorer sections is not being paid back. It was a wrong thing. If that were to be so, why are the ladies paying at 97 per cent today?

The point is that if you were to put it into their mind that you increase your credibility without any efforts from Members of Parliament, or people's representatives, then the institutions themselves will be ready to lend more money to them if only they earn money and pay back their loans. In this context, I would request the hon. Minister to ask the banks to allocate more funds to the self-help groups.

Madam, right from the beginning I was also of the opinion that the role of the banks in bringing development in the country is enormous. What is required is not money but how it is lent and how many times it is recycled. If an amount of Rs. 10,000 crore in a bank was to be given to the right borrower and then the borrower makes right use of it and generates wealth, get himself benefited and then repays the money, and if it is recycled twice, thrice or four times, the economy booms. No matter what the hon. Minister allocates in the Budget, whether it is Rs. five lakh crore, Rs. ten lakh crore or Rs. two lakh crore, it is only a one-time thing and it is not being recycled. So, the concentration must be to improve the efficiency of the banking sector which can do wonders in the country.

I would request the hon. Minister, while supporting this Bill, that he must increase the control on the banking sector. In fact, he could have done it earlier also; but, may be, for whatever reasons he has not done it. He must reduce the rate of interest and

recycle the money many a time. Thank you very much. I support this Bill.

SHRI SUDHANGSHU SEAL (CALCUTTA-NORTH WEST): Thank you Madam. While supporting the State Bank (Amendment) Bill, 2007 I would like to draw the kind attention of the hon. Minister of Finance to a few points. As per the suggestion of the Standing Committee, the Reserve Bank of India, being the regulator, cannot be the owner of the State Bank. That is why the ownership should be transferred to the Central Government. This decision is absolutely correct.

But my point is that if you go through the performance of the State Bank for the last two years, we observe that it has been subtly deteriorated, reduced whereas the foreign banks have increased their turnover during this time. To increase the turnover, what I learn from the statement of the Chairman of the State Bank of India during the last Annual General Meeting is that he has expressed his desire that the State Bank will increase the activities in different sectors which includes the share market also.

My point is this. If the State Bank is going to invest money in the share market, I want to know whether that would be restricted to the Bombay Stock Exchange or it would be invested in other Stock Exchanges also. Why I am telling this is because in Kolkata we are having our oldest Stock Exchange. Our hon. Minister of Finance knows that they are suffering a lot for the last few years. It is almost on the verge of closure. So, I would request the hon. Minister of Finance that if the decision is taken by the State Bank to invest money in the Stock Exchange, then instead of concentrating only on Bombay Stock Exchange the other Stock Exchanges should also be looked into.

It is also learnt that the State Bank is going to increase its activities in the rural sector utilizing the infrastructure facility of post offices. Yes, it is a very good decision. We have earlier seen that to facilitate the income-tax payers the post offices have been utilized. [\[MSOffice38\]](#)

[\[s39\]](#)

15.00 hrs.

In this case also, we will definitely welcome this because we feel that 70 per cent people are rural-based. Our hon. Prime Minister is insisting every time to increase the agricultural business, but what is the actual result? When we are claiming that we are going to touch the GDP growth of 10 per cent, the growth in agriculture sector is only 1.8 per cent. If you are really interested to increase the growth in agriculture sector, then poor farmers should be given facilities and they should be provided facilities. What we learn from different newspapers is that all these banks are showing the disbursement made to poor farmers even for the purpose of marriages of their daughters as loan advanced to farmers for agricultural development. It should be looked into.

When we are talking about global branches of State Bank of India, what is the style of functioning? If we really want to increase the growth in agriculture sector and GDP growth and if we really want to help the poor farmers, then we will have to help them to produce more. At the same time, we will have to have very much the aggressive marketing, which includes global marketing as well. What is our experience? So far as perishable items are concerned, none of the banks is giving any facility to exporters of fruits, vegetables and other perishable items. The State Bank of India should take special care of those who are exporting these perishable items in the global market. We feel that the global market is very big. The only thing is that we will have to organise all these things and we will have to take the initiative to have aggressive marketing.

We will have to encourage a number of new entrepreneurs and that is what we are doing. In our Government, there is one Department called the Department of Food Processing. Hon. Minister Shri Subodh Kant Sahay is trying his best and he is working seriously, but what we find from him and when we go to his Department is that he is having no funds with him. If we encourage the Department of Food Processing, it will help. When we have opened one such Department which is supported by an hon. Minister, he should have moving funds also. If he gets funds, he will encourage a number of food processing units to develop throughout the country. My request to hon. Finance Minister is that we should look into this.

While giving more credit facilities to the poor farmers or poor traders, we should also help the self-help groups. My friend was earlier talking about the self-help groups. It is our experience also in our State that when self-help groups go for any credit facility, they are being questioned in such a way – they are already poor, they are new in this trade and they do not know the A B C of banking system – that instead of providing help to them, they are creating such problems for them that they feel that they should better not go to a bank. So, the management of the bank should be very much alive to this aspect and give direction to the concerned officers in their branches as to how to help new entrepreneurs, how to encourage them and how to entertain

them. I can tell you this much with our experience that the poor traders, the new entrepreneurs are good in repayment. If you go through the record of repayment, they are very good in repayment while most of the big houses never repay. These are the statistics which hon. Minister will accept.

Now when we are accepting this Bill, when we are thinking of making State Bank of India viable, then all these things should be taken into consideration. I believe that our hon. Finance Minister will definitely consider all these aspects.

With these few words, I again support this Bill.

[s40]

श्री शैलेन्द्र कुमार (वायल) : माननीय सभापति महोदय, स्टेट बैंक ऑफ इंडिया (संशोधन) बिल सदन में लाया गया है, उसका मैं विरोध तो नहीं करता, लेकिन मैं अपने कुछ सुझाव अवश्य देना चाहूंगा।

इस सदन में पक्ष और विपक्ष की तरफ से सम्मानित सदस्यों के बहुत अच्छे सुझाव और विचार आये हैं। यह बात सही है कि देश के विकास में बैंकों का बहुत ही महत्वपूर्ण स्थान है। हमारे सम्मानित सदस्यों ने इस बारे में अपनी विनता यहां व्यक्त की है कि हमारे किसान और छोटे व्यापारी कैसे आने बढें, कैसे आत्मनिर्भर हों। इसके लिये कुछ सुझाव दिये गये हैं। सरकार ने मंत्रिमंडल के फैसले के बाद सेबी के मार्ग निर्देशन में शेयरों के मूल्यों का नकद भुगतान, स्टेट बैंक और रिजर्व बैंक के शेयरों के स्वामित्वभारिता के लिये 40 हजार करोड़ रुपये की राशि का प्रवधान किया है, जो अच्छी बात है। अभी तक रिजर्व बैंक इसका कंट्रोल करती थी जिसकी ऑटोमैटिक पॉलिसी थी। अब सरकार ने इस ओर ध्यान दिया है। जहां एक तरफ 40 हजार करोड़ रुपये की राशि के शेयर स्टेट बैंक को दिये जा रहे हैं, उससे कैपिटल मार्केट में इस बैंक की साख अच्छी होगी, वहीं दूसरी तरफ इसे अन्य विदेशी बैंकों या प्राइवेट बैंकों के साथ प्रतिस्पर्द्धा से अच्छी ताकत मिलेगी। वैसे स्टेट बैंक की अपनी अच्छी साख है लेकिन विदेशी और प्राइवेट बैंकों की विश्व में अपनी साख है।

सभापति महोदय, अभी सम्मानित सदस्यों ने कहा है कि बैंक की शाखाएँ ग्रामीण क्षेत्रों में खोली जायें ताकि छोटे किसान और खुदरा व्यापारी, या छोटा उद्योग-धंधा चलाने वाले लोगों को डायरेक्ट फायदा मिले। अभी राव साहब ने कहा कि सरकार की ऐसी बहुत सी योजनाएँ हैं जो सीधे बैंकों से प्रभावित हैं। उन्होंने सैफ हैल्प ग्रुप का जिक्र किया। हमने भी अपने यहां निगरानी समिति की बैठक रखी है। उनमें सभी बैंकों के मैनेजर्स आये थे। देखा गया कि जिन बैंकों को जो लक्ष्य दिया गया था, उसमें खासकर ग्रामीण क्षेत्रों में सैफ हैल्प ग्रुप को मदद देने की बात है, वह लक्ष्य पूरा नहीं किया गया है। कहीं पर यह लक्ष्य 10-15 प्रतिशत रहा है। मेरा सुझाव है कि बैंकों के तमाम मैनेजर्स या अधिकारियों को इस बात का निर्देश दिया जाये कि सरकार की जो योजनाएँ हैं, उनसे बैंक प्रभावित होते हैं - चाहे किसानों को ऋण देने की बात हो या सैफ हैल्प ग्रुप की बात हो, उन्हें फायदा पहुंचाये ताकि उनका जीवन-स्तर ऊपर हो और बैंक अपना लक्ष्य पूरा कर सके। बैंक शाखा तभी अच्छी हो सकती है, जहां कस्टमर केअर सर्विस अच्छी होगी। आज विदेशी बैंक प्रतिस्पर्द्धा में आ रहे हैं। इसलिये स्टेट बैंक की शाखा को विशेष स्थान देना होगा। हमारी कोशिश होनी चाहिये कि जो बैंकों की कार्यप्रणाली है, उसमें और अधिक सुधार लाने की जरूरत है।

सभापति महोदय, यहां कहा गया है कि किसानों को कम ब्याज पर ऋण और सब्सिडी दें क्योंकि अगर किसानों का विकास होगा तो हमारे देश का भी विकास होगा। इसलिये स्टेट बैंक ऑफ इंडिया (संशोधन) बिल सदन में आया है, उसके लिये माननीय सदस्यों के जो सुझाव और विचार आये हैं, उन पर विचार करते हुये बैंक शाखाओं को शक्तिशाली बनाकर विदेशी बैंकों से अग्रणी बनायें ताकि विश्व में इनका नाम हो।

[s41]

श्री गणेश प्रसाद सिंह (जहानाबाद): माननीय सभापति महोदय, आज सदन में भारतीय स्टेट बैंक (संशोधन) अधिनियम 2007 पर चर्चा हो रही है। मैं आपका धन्यवाद करता हूँ कि आपने मुझे बोलने का अवसर दिया।

महोदय, किसी भी राष्ट्र और समाज को विकसित बनाने के लिए बैंकों के प्रबंधन का अति महत्वपूर्ण स्थान है। महोदय, यह विधेयक लाने का इनका निश्चित तौर पर बड़ा उद्देश्य हो सकता है, लेकिन एक बात मेरी समझ से परे है कि जो भारतीय स्टेट बैंक है, पूरे हिन्दुस्तान में इससे बड़ा कोई दूसरा बैंक नहीं है, लेकिन इसका प्रबंधन ऐसा है कि यह बैंक मुनाफा बढ़ाने में अग्रेसर नहीं है, बल्कि दिन पर दिन इनका मुनाफा घटता ही जा रहा है। मैं माननीय वित्त मंत्री जी से जानना चाहूंगा कि इसके क्या कारण हैं? केन्द्र सरकार ने जो शेयरों की खरीद की रिजर्व बैंक से, उससे निश्चित रूप से इनको स्वामित्व मिलेगा, लेकिन इसके प्रबंधन में भी आपको और सुधार करना पड़ेगा, और अच्छा प्रबंधन तैयार करना पड़ेगा।

कई माननीय सदस्यों ने कहा कि हमें गांवों में पैसा लगाना है। भारत गरीब लोगों का देश है, गांवों में बसने वाला देश है और अधिक से अधिक पूँजी जब तक गांवों में नहीं लगेगी, तब तक भारत कैसे विकसित बन सकेगा? पूंज यह उठता है कि किनको पैसे की जरूरत है - इन सारे इनफ्रस्ट्रक्चर्स को बनाने के लिए, राजमार्ग बनाने के लिए, प्रधान मंत्री ग्रामीण सड़कें बनाने के लिए, विद्यालयों में और इनफ्रस्ट्रक्चर बनाने के लिए - इन सारी चीजों की आवश्यकता है। आज भ्रूंडलीकरण के युग में बैंकों की अधिक से अधिक पूँजी बढ़ाने की आवश्यकता है लेकिन सब कुछ निर्भर करता है कि इनका प्रबंधन ठीक हो। इन्होंने इस विधेयक के माध्यम से स्वामित्व प्राप्त किया है। मैं चाहता हूँ कि आप इसका प्रबंधन दुरुस्त करें, जिससे हमारे जो गरीब और छोटे तबके के लोग हैं, जो लघु और सीमांत किसान हैं, उनको भी बड़े सरल तरीके से ऋण मुहैया कराया जा सके। साथ ही जो बैंक में रुपया डिपॉजिट करने वाले लोग हैं, उनको भी कुछ सुविधा मिलनी चाहिए। जब इन सारी बातों का ख्याल रखा जाएगा, तो निश्चित रूप से इसके उद्देश्य की पूर्ति होगी, वरना संशोधन पर संशोधन, कानून पर कानून बनते जाएंगे और फिर व्यवस्था के प्रबंधन में कोई इंतजाम नहीं हो सकेगा। इन्हीं सुझावों के साथ मैं इस बिल का

SHRI B. MAHTAB (CUTTACK): I stand here today to deliberate on the Bill to amend the State Bank of India Act, 1955. We are told that the Union Cabinet in its meeting held on 1st February, 2007 approved the proposal for transfer of ownership of shareholding of Reserve Bank of India in the State Bank of India to the Union Government. In a Press Conference, the Finance Minister, on 2nd February, had stated: "This move is intended to separate ownership from the regulatory functions of RBI." Later on, he explained: "It will be a book entry transaction as whatever is paid to RBI, I will be getting it back." The proposal was to acquire the entire equity held by the Reserve Bank of India in the State Bank of India, that is, 31,43,39,200 shares comprising 59.73 per cent of the total equity shares.[\[r42\]](#)

We are also told that a sum of Rs.40,000 crore was provided for this purpose in the current year's Budget. Yet, no action was initiated to move this Bill during the Budget Session of Parliament. I want to know the reason why. Why did the Government wait till the Budget Session was over? Why did the Minister rush to promulgate an Ordinance on 21st June stating that it had to be done before the closure of Annual Accounts of the RBI? He could have brought a Bill as has been introduced now. Why did he go by the backdoor? What was his apprehension? Making provisions in law, amending through Ordinance and then coming to Parliament for approval do not speak well of his respect to Parliamentary practice. Therefore, the explanation given in the Explanatory Statement does not hold water.

Two statutory changes have taken place through this Ordinance and it is reflected in the Bill. They will definitely have an impact on the future of State Bank of India. One is the transfer of ownership from the regulator – the Reserve Bank of India – to the real owner - the Government of India. On the face of it, as has been stated by the Minister, this is sound as the player and the referee should be different. But the reality in this case is complex. The State Bank of India was the first bank to be nationalised. The decision to do so was taken in response to a felt economic need, which is the absence of a delivery mechanism for developmental credit at the grass roots level, and not as a political stratagem like the mass-nationalisation of banks in 1969 and thereafter.

Over time, some healthy practices were put in place *vis-à-vis* the State Bank of India which made the Reserve Bank of India the *de facto* filter between the Bank and the Government reducing the scope for political interference. For all practical purposes, the Government has been calling the shots for SBI. So, what was *de facto* Government control will become *de jure* control now. Still, in a small way, a culture of marginal autonomy which was different and better will wither away. This is my concern. And this is at a time when SBI to be able to deliver as a national firm, needs more autonomy, not less.

Are we not aware what total Government control does? While submitting a report on fuller capital account convertibility, the Tarapore Committee has categorically stated that transfer of ownership of SBI from RBI to Government be put on hold. But this Bill works contrary to that suggestion. I would like to know from the Government, will the autonomy exercised by SBI in its functioning in any way be adversely affected if this Bill is made into a law? Is it true that SBI presently exercises a greater degree of functional autonomy as compared to other nationalised banks?

The other statute change that is contemplated is to allow SBI to lower its stake in its associate banks to 51 per cent. The Left Front's view is well-known. They have supported this truncated Bill which is being piloted today. But what about the other portion of the Bill, as was stated, the SBI (Amendment) Bill 2006?[\[KMR43\]](#)

Today, it is common knowledge that SBI's return on assets, a key measure of performance, has now fallen for two years in a row. Sometimes, an organization consciously strives for market shares at the expense of margins but when both market share and margins show a negative trend, then the situation is somewhat serious.

Today, the SBI suffers in contrast to not just private banks but some other public sector banks. Not only Oriental Bank of Commerce, Corporation Bank, but also Punjab National Bank, Canara Bank are doing better. How do you intend to stop the decline? SBI is clearly declining even in its class and something needs to be done urgently. But bringing it under the Government directly will not help. SBI has become too unwieldy. It clearly needs to use information technology extensively to overcome the size. It must improve the quality of its intake and also the level of business per employee. None of these changes is likely to automatically follow from the proposed statute changes.

The banking sector reform process started when the Narasimhan committee submitted its report. The Government came forward and started implementing most of the suggestions. Then, the Government formed the Narasimhan Committee-II in 1998 to find out the scope for second generation reform. This Narasimhan Committee on banking sector reforms had observed that it is in

consistent with the principles of effective supervision that the regulator is also an owner of a bank and had suggested that RBI should divest holding in banks and financial institutions. Accordingly, RBI had send proposals for transfer. But the question before us Madam is: Why Tarapore Committee's suggestion was ignored? What is the position in the United States and in most of the developed nations like England, Australia? Has their regulator totally withdrawn from their main bank? If that is the case, why are we rushing through?

Lastly, I would say that while further banking reforms may open more avenues for foreign banks by April, 2009, my apprehension is, SBI will be handicapped by the Government as its single owner. Therefore, I would say that there is no urgency to rush this Bill just because an Ordinance was promulgated, when a Bill is before the Standing Committee. Though Parliament was in Session for a month, the Government failed to take up the issue if they thought it to be very crucial. If it wanted to make a comprehensive amendment to the SBI Act, why are you rushing this truncated Bill through? I fail to understand this. I do not see any logic for this. I do not see any reason either. If at all there is any reason, where is the urgency? SBI was created for some specific reason and Rural Credit Survey Committee of the Fifties had a greater role in it.

Should we presume that the motive behind the Government's move in transferring ownership from RBI to itself is to benefit from the part sale of its holding to the public at a much higher market price later on? We would like to get answers.

SHRI PRABODH PANDA (MIDNAPORE): Hon. Madam Chairperson, I must say that the scope of the Bill is very limited. It is only confined to transfer of ownership on shareholding of RBI to the Government of India. This is not a point to object and I think none of us is against it. [\[r44\]](#)

The reason already explained by the hon. Minister for promulgation of the Ordinance is not clear to me; it is not understandable. It is said that the Narasimham Committee observed, on the banking sector reforms, that the regulators should not be the owners of the banks.

There was a compulsion. The Government felt that there was a compulsion for transferring the ownership of shareholding of the Reserve Bank of India and the State Bank of India to the Central Government by 30th June. It is correctly mentioned by the hon. Members here that the Government approved the proposal of transferring the equity from the Reserve Bank of India to the Government in the month of February. There was enough time for the Government to bring forward a Bill in this august House for enactment.

The Narasimham Committee also observed the same thing with regard to the other banks like NABARD, National Housing Bank, etc. Then, why was this Ordinance confined only with regard to the State Bank of India? It is not clear to me. Why is the Government in a hurry now and why did it not bring forward this Bill during the Budget Session of Parliament? This Government must be called as 'Ordinance Raj', I must say.

When the UPA and especially the Congress was in the Opposition Benches, they used to object to each and every Ordinance. Already, it was told that the 'ordinance route' should not be accepted. It is like avoiding parliamentary democracy and coming through the backdoor. This is the one which can be debated. So, this is my first point – that is, this should have been brought before this House during the Budget Session itself. The Narasimham Committee also observed that it applies to other banks also and that they should be brought together.

The next point is that this Bill is already confined and limited to the State Bank of India. It is apprehended by the hon. Members that when a huge money – a share of 59.73 per cent – is going to the Government of India, whether that will disturb the autonomy of the Government of India. It should be made clear. When the Government is going to be the owner of the State Bank of India, the Government should take the initiative to solve the other problems of the employees, restructuring of the credit policy, credit policy in agriculture, etc. and they should be solved. [\[MSOffice45\]](#)

I do agree with the hon. Member, Mr. Rao who has made a mention about the credit lending in agriculture. What is the role of the State Bank of India? Why did they not achieve the stipulation made by the Reserve Bank of India in regard to agricultural loan in rural areas and in the case of weaker sections of our society? Why did they not achieve the target so far?

As regards credit policy, I must draw the attention of the hon. Minister to what he used to say every year. It is not that only the hon. Prime Minister was already saying it but he also used to say that in agriculture the rate of interest has been reduced from nine per cent to seven per cent. But it is only confined to long term loans. If any agriculturist or poor farmer or any other farmer wants to purchase a tractor or power tiller or any other equipment for agricultural purposes, in that case there is no seven per cent interest. I demand that as has already been recommended by Dr. M.S. Swaminathan Committee, the credit must not be at

more than four per cent in agriculture sector. I think the Government is going to be the owner of the State Bank of India. So, I hope he will implement the recommendations of the Swaminathan Committee and others also.

Lastly, I must say that restructuring of the credit policy and other matters relating to the State Bank of India, NABARD, National Housing Bank and other banks all should be taken into account and the Government should come forward to address all these problems.

With these words, I support this Bill. My observation regarding the promulgation of the Ordinance is still there. I think the Government would make it clear before us.

श्री राजीव रंजन सिंह लालन (बेगूसराय): सभापति महोदया, मैं आपका आभार व्यक्त करता हूँ कि आपने मुझे बोलने का समय दिया।

स्टेट बैंक ऑफ इंडिया एमेंडमेंट बिल, 2007 का मैं विरोध तो नहीं करता हूँ, लेकिन इसका समर्थन करूँ, इसके पहले मैं चाहूँगा कि माननीय वित्त मंत्री जी कुछ बिन्दुओं पर, जिन पर शंका है, उन पर अपना स्पष्टीकरण दें। इस एमेंडमेंट के माध्यम से, इस आर्डिनैन्स के माध्यम से सरकार ने जो स्टेट बैंक के 59.73 परसेंट शेयर्स को सीधे अपने अधिकार में लेने का फैसला किया है और जहाँ-जहाँ जिन-जिन स्थानों पर रिजर्व बैंक शब्द का इस्तेमाल था, उसको केन्द्रीय सरकार से सब्सटीट्यूट करने का इन्होंने निर्णय किया। मुझे ऐसा लगता है कि जो इन्होंने निर्णय लिया है, वह नरसिम्हन कमेटी की रिपोर्ट पर लिया है, ऐसा इन्होंने बताया है। लेकिन मुझे ऐसा लगता है कि इस पर आर्डिनैन्स लाने के बजाय, जैसा अन्य माननीय सदस्यों ने कहा, आप अगर बजट सेशन के समय इसका बिल लाये होते और उस पर व्यापक चर्चा होती या फिर टोटल स्टेट बैंक के इस बुक ट्रांसफर और शेयर ट्रांसफर के बजाय टोटल बैंकों के जो रिफॉर्मर्स हैं, उनके सम्बन्ध में आप एक विस्तृत बिल लाते तो वह इस देश को ज्यादा फायदा दे सकता था।

आपकी यह जो नीति है कि आप बैंकों के मामले में हस्तक्षेप नहीं करेंगे। आपकी आर्थिक नीति है कि आप उसमें हस्तक्षेप नहीं करेंगे। आप कई संस्थाओं का निजीकरण कर रहे हैं, उनके शेयर्स बेच रहे हैं और दूसरी तरफ स्टेट बैंक के 59.73 परसेंट शेयर्स आप ले रहे हैं। यह आपकी जो घोषित आर्थिक नीति है, उसके विपरीत है। आज आपने आर्डिनैन्स की बात की, अगर आपको बुक ट्रांसफर ही करना था तो बुक ट्रांसफर तो आप बाद में भी कर सकते थे।[\[R46\]](#)

बुक्स ट्रांसफर के लिए अध्यादेश लाने की आवश्यकता नहीं थी। अध्यादेश पर सरकार चलाना तानाशाही प्रवृत्ति का द्योतक है। इसे आर्डिनैन्स राज्य कहा जाता है। प्रजातांत्रिक व्यवस्था में इस तरह की प्रवृत्ति पर रोक लगनी चाहिए। यह हमारे मन में शंका है। 40 हजार करोड़ रूपए की बात आपने कही कि 40 हजार करोड़ रूपए का ट्रांजेक्शन हुआ। अगर 40 हजार करोड़ रूपए आपने मार्केट से बायेंडिंग किया, तो इस 40 हजार करोड़ रूपए से देश की अर्थव्यवस्था पर विपरीत प्रभाव पड़ेगा। इससे डेफिसिट बढ़ेगा। वित्त मंत्री जी, हम इस बिंदु पर आपका स्पष्टीकरण चाहते हैं।

इसके अलावा आपकी नीति है कि हम बैंकों में 51 प्रतिशत से ज्यादा शेयर नहीं रखेंगे। इसके विपरीत जाकर स्टेट बैंक के 59.73 प्रतिशत शेयर खरीदकर आपने अपनी उसी नीति का उल्लंघन करने का काम किया है।

महोदया, आज स्थिति यह है कि बैंकों में स्टेट बैंक की क्रेडिबिलिटी घट रही है। बाजार में लोग आज स्टेट बैंक में डिपॉजिट नहीं लेकर जा रहे हैं। इसके दो कारण हैं। एक कारण यह है कि उसकी सर्विस सरकारी दफ्तर की तरह हो गयी है। बैंक के कर्मचारी यह मानते ही नहीं हैं कि वे एक कार्पोरेट आर्गनाइजेशन के कर्मचारी हैं और इस शेयर ट्रांसफर के बाद उनमें इस तरह की प्रवृत्ति और बढ़ेगी एवं इसके साथ ही आपकी जो क्रेडिबिलिटी घटी है, उस पर और प्रतिकूल असर पड़ेगा।

महोदया, कई माननीय सदस्यों ने डिपॉजिटर्स के संबंध में चर्चा की है। आप जितना डिपॉजिट ले रहे हैं, उसका कितना प्रतिशत आप किसानों को लोन के माध्यम से दे रहे हैं? मैं यह भी जानना चाहता हूँ। मैं जिस राज्य से आता हूँ, उस राज्य में जितना आप डिपॉजिट ले रहे हैं, उसका 20 प्रतिशत भी लोन नहीं दे रहे हैं। हमारे यहां डिस्ट्रिक्ट्स में जो भारत सरकार की स्पांसर्ड स्कीम्स हैं, उनकी मॉनिटरिंग के लिए कमेटी बनी हुयी है। हम लोग जब उसकी मीटिंग करते हैं, जबकि आपका नेशनल रूरल इन्फ्लायमेंट गारंटी प्रोग्राम चल रहा है, उस प्रोग्राम के बारे में हमने अपनी कांस्टीच्यूसी के कई जिलों में रिव्यू किया, जिसमें 20 प्रतिशत आपका एचीवमेंट है। बैंकों में जो आवेदन पड़े हुए हैं, उनकी प्रोसेसिंग नहीं हो रही है। एक तरफ आपकी क्रेडिबिलिटी घट रही है, आपकी सर्विस घट रही है और आप लोगों को आकर्षित नहीं कर पा रहे हैं, दूसरी तरफ आप बैंक का 59.73 प्रतिशत शेयर अपने पास रखकर उसे केंद्रीय सरकार के माध्यम से रिजर्व बैंक को सब्सटीट्यूट कर रहे हैं। इसकी और भी कोई व्यवस्था हो सकती थी। इसे केंद्र सरकार अपने कब्जे में लेती, इसके अलावा भी कोई व्यवस्था हो सकती थी। अगर इन बिंदुओं पर माननीय मंत्री जी आप संतुष्ट कर पाएंगे, तो मैं इस बिल का समर्थन करूँगा, अन्यथा मैं इस बिल के विरोध में हूँ।

PROF. M. RAMADASS (PONDICHERY): Madam, I rise to support the State Bank of India (Amendment) Bill, 2007. I compliment and congratulate the hon. Finance Minister for his sincerity in taking this House into confidence after promulgating the Ordinance.

I see a lot of logic and sound reasoning in the Bill. Questions have been raised as to why the Bill was not brought forward during the Budget Session. During the Budget Session only the Government planned to give a sum of Rs. 40,000 crore and mobilization of that amount required a lot of time and straightway in the month of February, or March or April one cannot give the money and in the absence of the money the Bill could not have been brought forward. Therefore, the Government had to take some time. It was found that before the end of the financial year of the Reserve Bank of India, that is, before 30th June, 2007 the Government could mobilize that amount of money and therefore, it had to achieve this objective in deference to the decision taken by the Cabinet. But at that point of time the Parliament was not in Session and therefore, the hon. Finance Minister has clearly stated in

his statement, the Ordinance route was the better option. [\[R47\]](#)

There is nothing undemocratic about it. It is not that the House is not taken into confidence. Therefore, I find that the hon. Finance Minister, at the earliest opportunity, has amended the State Bank of India Act as required. So, there is nothing wrong about it. Honourable Members have already spoken about the purpose of the Bill and other things.

I see two important purposes that will be served by this Act. One is, it tries to end a kind of conflict that existed in the Reserve Bank of India. As one of the hon. Members said, a player cannot be a referee because the referee cannot effectively supervise the player if he himself happens to be the player. Therefore, the regulator has to be different and the owner has to be different and thus, this Bill tries to end this kind of a conflict that existed for a long time. Of course, it has been recommended by the Narasimhan Committee too and therefore, the Government has implemented this recommendation.

Secondly, there is not much of revenue implication as far as this move is concerned because what is given by the right hand is taken away by the left hand. Madam, the amount which the Government of India gives is not Rs. 40,000 crore. The actual amount is Rs. 35,531.33 crore which is given to the Reserve Bank of India for purchasing 59.73 per cent of the shareholdings which amounts to Rs. 43,39,200 and this amount comes from the surplus of the Reserve Bank of India to the Government of India. Therefore, there is not much of the financial implications as far as the Government is concerned. Some hon. Members have said that the Government has to borrow this amount of money and it would affect the fiscal deficit and all that. These are not the real implications attached with this Bill.

This is a very simple Bill through which they are bringing the transfer of ownership from one hand to another. That is all. It is not going to affect any of the functions of the Bank. But the little worry in that is, what the Government of India gives to the Reserve Bank of India will come in the form of capital expenditure but what the Reserve Bank of India will give to the Government of India will be in the form of a revenue account. Therefore, if the revenue expenditure and the capital expenditure are to be matched, it will be revenue neutral, so to say. It is not having any drastic implications on that.

Having said that, another advantage of this Bill is, now that the Government of India becomes the owner of the State Bank of India, Government would be able to implement many of the social policies which the Government has before it. The UPA Government has laid down a number of social objectives and it is this Government which emphasises both on economic growth and social justice. That is why, it has implemented a number of laudable schemes for which financing is required. Now when the Government becomes the owner, it would be able to direct the Bank to move in those directions where the Government of India wants to implement certain social policies. Therefore, finance will not be a constraint because the Government itself becomes the owner and policy consistency will be there. Implementation will also become greater. Therefore, I see these three distinct advantages by the action of the Government.

Having said this, I would also to submit to the notice of the hon. Finance Minister that the market share of the State Bank of India is declining and it is declining at a time when the margins of the Bank is also declining. It is quite possible that at times when the bank is moving in a strident manner to capture the market, the margins may fall. But here what is happening is, the margin is falling as well as the market share is falling and it creates an alarming situation. And the rate of return, as people have said, is also declining. Therefore, the situation with regard to the State Bank of India has to be carefully studied and we have to put it on the right direction.

Then, today, the State Bank of India has to face a lot of competition not only from the private players in the internal market but also with the impending banking reforms, the Bank will have to face competition from foreign markets also. And if the State Bank of India has to withstand this competition, it must have larger resources to access in the equity market as well as the capital market. [\[MSOffice48\]](#)

Now, there is a legitimate fear whether the Government, with all its fiscal constraints, would be able to give the State Bank of India that amount of capital that would be required to meet this competition. This is another point which the Government of India will have to take into account.

Thirdly, today the State Bank of India requires more autonomy. There is a fear whether the State Bank of India will be able to enjoy this autonomy once it becomes controlled by the Government of India. So, the Government of India should frame its policy in such a way that it gives more freedom, more flexibility to the State Bank of India to design its own operations and policies.

Today the State Bank of India is one of the largest commercial banks having 100 crores of customers with 9,000 branches. The worrying factor is that it is able to do only 22 per cent of its business in the rural areas. It has to improve its business in the rural areas by lending more and more to the rural areas.

The Narasimham Committee suggested that the Government should take the shareholding of three banks, that is the State Bank

of India, the NABARD, and the National Housing Bank. Now, we have done only for the State Bank of India. We would like to know when the shareholding of the NABARD and the National Housing Bank will be divested from the Reserve Bank of India.

With these few words, I fully support this Bill. There is a lot of logic and reasoning in the Bill that has been piloted by the hon. Finance Minister.

प्रो. रासा सिंह रावत (अजमेर): माननीय सभापति महोदया, मैं भारतीय स्टेट बैंक (संशोधन) विधेयक, 2007 का समर्थन करता हूँ, क्योंकि यह देश की अर्थव्यवस्था से जुड़ा हुआ बिल है। जैसा कि हम सब जानते हैं कि स्टेट बैंक ऑफ इंडिया देश के सबसे बड़े बैंकों में से एक है। हिन्दुस्तान में सबसे ज्यादा इसकी शाखाएँ हैं और सबसे ज्यादा कर्मचारी और अधिकारी भी इसी बैंक में हैं। लेकिन मैं एक बात माननीय मंत्री जी से जानना चाहूँगा कि सबसे ज्यादा शाखाओं और सबसे ज्यादा मुताजिमों वाले स्टेट बैंक ऑफ इंडिया का लगातार मुनाफा घटने का क्या कारण रहा है? आपके आंकड़ों के अनुसार वर्ष 1999-2000 में इस बैंक को 99.6 परसेंट लाभ रहा था जबकि वर्ष 2006-07 में यह लाभ घटकर कम हो गया। मैं पूछना चाहता हूँ कि इस लाभ के कम होने का क्या कारण है? आप कहेंगे कि इसका लाभ तो बहुत है। यह बैंक लाभ में चल रहा है, लेकिन यह लाभ पहले 99.6 परसेंट था, जो क्रमशः घटते-घटते किसी साल 35 परसेंट घट गया, तो किसी साल 27 परसेंट घट गया और किसी साल 21 परसेंट घट गया। यह लाभ निरंतर घटता चला जा रहा है। आखिर इसका कारण क्या है? क्या इस घटते हुए मुनाफे का कारण कहीं ऐसा तो नहीं है कि आपने 474 नयी शाखाएँ खोल दीं लेकिन कर्मचारी उस अनुपात में घटते चले जा रहे हैं। क्या कम्प्यूटाइजेशन के नाम पर या यांत्रिककरण के कारण ऐसा हो रहा है? इसका क्या कारण है? मैं समझता हूँ कि घटते हुए मुनाफे का एकमात्र कारण शायद यह भी है, क्योंकि लिपिक लोगों की संख्या कम होती जा रही है। फलस्वरूप उनकी कार्यकुशलता में थोड़ी कमी आ रही है इसलिए मुनाफा घट रहा है।

महोदया, मैं एक बात की ओर संसद का ध्यान आकर्षित करना चाहूँगा कि अन्य बैंक्स, जो राष्ट्रीयकृत बैंक्स हैं, उनकी तुलना में स्टेट बैंक ऑफ इंडिया में डिपॉजिट खाते कम हैं। वे अन्य बैंक्स स्टेट बैंक ऑफ इंडिया की तुलना में आगे चल रहे हैं। इसका इतना बड़ा साइज होते हुए भी दूसरे बैंक डिपॉजिट खाते में आगे चल रहे हैं। इसका क्या कारण है, यह भी आप बतायें? जैसा हमारे मित्रों ने कहा कि बजट सत्र में हमें इतना लम्बा समय मिला। यदि उस समय आप यह बिल लाते, तो भली प्रकार से उस पर चर्चा हो सकती थी। लेकिन ऐसा मालूम पड़ता है कि आपकी जो डिवटेटरशिप की मानसिकता है, जो तानाशाही की अध्यादेशिक प्रवृत्ति है, वह कहीं न कहीं उजागर हो जाती है। परिणामस्वरूप बजट सत्र में आपको इस बिल को लाने का अवसर प्राप्त नहीं हुआ। आप 21 जून, 2007 को आप आर्डिनैस ले आये और आर्डिनैस के माध्यम से आपने जो कुछ करना था, वह आपने कर दिया। अब आप पार्लियामेंट के सामने आये हैं और इस बिल में संशोधन करके उसे पास कराना चाहते हैं। अब यह बिल तो पास हो जायेगा क्योंकि हम समर्थन कर रहे हैं।[\[MSOffice49\]](#)

समर्थन तो कर ही रहे हैं, कुछ शर्तों के साथ और कुछ बिना शर्त समर्थन कर रहे हैं, लेकिन आखिर इस बारे में सरकार को सोचना चाहिए। हिन्दुस्तान दुनिया का सबसे बड़ा लोकतंत्र है। जब हम दुनिया का सबसे बड़ा लोकतंत्र होने का दावा करते हैं तो लोकतंत्रीय प्रणाली को अपनाया भी जाना चाहिए। इस बारे में माननीय वित्तमंत्री जी को विचार करना चाहिए। बैंकों की पूंजी पर्याप्तता के बारे में बासेल समझौता हुआ था जिसे वर्ष 1992 में भारत द्वारा भी स्वीकार किया गया। तदनुसार भारतीय स्टेट बैंक और उसके आनुषंगिक बैंकों की पूंजी पर्याप्तता के मानदण्डों को पूरा करने के लिए पूंजी का आधार बढ़ाए जाने की आवश्यकता को दृष्टिगत रखते हुए, शेरों का निर्गमन करने के लिए, निजी स्थापना या अधिमानी आवंटन का प्रावधान करने के लिए, बैंकिंग प्रणाली में मूल वित्तीय सुधार लाने के लिए और अन्तर्राष्ट्रीय विश्वसनीयता में भी सुधार लाने के लिए आपने अन्य बैंकों के समान भारतीय स्टेट बैंक को भी करना स्वीकार किया था। अब तक एक प्रकार से रिजर्व बैंक इसका स्वामी था और अब केन्द्रीय सरकार इसकी स्वामी हो जएगी। स्टेट बैंक और इसकी आनुषंगिक बैंकों में पूंजी आधार बढ़ाने के लिए यह विधेयक लाया गया है और जैसा कि उद्देश्यों में कहा गया है कि पर्यावरण संबंधी बासेल समिति ने जून, 2004 में नया पूंजी पर्याप्तता ढांचा जारी किया है जिसमें सार्वजनिक बैंकों से अपना पूंजी आधार बढ़ाने को कहा गया है और उसी आधार पर आप यह संशोधन विधेयक लाए हैं। इसके माध्यम से तीन बैंकों - एसबीआई, नाबार्ड और एनएचबी - में केन्द्र सरकार हिस्सेदारी खरीद रही है। इसके बाद भारतीय रिजर्व बैंक पूरी तरह से बैंकों के नियमन के ऊपर अपना ध्यान केंद्रित कर सकेगी। इसलिए मंत्रिमंडल ने तय किया है कि एसबीआई, नाबार्ड और एनएचबी में रिजर्व बैंक की पूंजी को केन्द्र सरकार को हस्तांतरित किया जाए और उसी आधार पर उन बैंकों के शेर केन्द्र सरकार को हस्तांतरित करने का यह प्रयास है। शायद वित्तमंत्री जी यह मानते रहे हैं कि बैंकों के नियामक को इन बैंकों का मालिक नहीं होना चाहिए, इसलिए अब केन्द्र सरकार अन्य बैंकों की तरह ही, इस बैंक की भी मालिक हो जाएगी।

इसके साथ ही मैं एक बात कहना चाहूँगा कि गांवों में कुछ राष्ट्रीयकृत बैंकों की सेटेलाइट बैंक हैं। वहां कई किसानों और छोटे-छोटे व्यापारियों के खाते हैं। एक तरफ तो आप शहरों में नयी शाखाएँ खोल रहे हैं और दूसरी तरफ गांवों में जो सेटेलाइट बैंकों की शाखाएँ हैं, उनको बंद करते जा रहे हैं। परिणामस्वरूप उपभोक्ताओं को कठिनाई का सामना करना पड़ता है। इसके बारे में भी आपको ध्यान देना चाहिए कि ऐसी स्थिति क्यों है? मान्यवर जो बैंकों का सामाजिक दायित्व था और उसके अन्तर्गत छोटे किसानों और ग्रामीण जनों को स्वावलंबी बनाने के लिए कई प्रावधान किए गए थे कि सरकारी बैंकों से उनको सहज रूप से ऋण उपलब्ध हो सके। एक तरफ तो आपने ऋण उपलब्ध कराने की बात कही कि कृषि सेक्टर को इतना ऋण मिले और उद्योगों को इतना ऋण मिले और उसके लिए आपने कुछ व्यवस्था की, लेकिन दूसरी तरफ आपने एक नया ऑर्डर निकाल दिया कि जो बैंक लाभ में रहेगा वह तो चलेगा और जो बैंक घाटे में रहेगा उसे धीरे-धीरे बंद कर दिया जाएगा। यह तो सांप-छछूंदर वाली बात हो गयी, यह "आधा तीतर, आधा बटेर" वाली बात है। ऋण के लिए गांव वालों को राष्ट्रीयकृत बैंकों के कई चक्कर काटने पड़ते हैं, फिर भी उनको ऋण नहीं मिल पाता है। उद्योग अधिकारी ही यह तय कर लेते हैं कि प्रधानमंत्री सहायता कोष से किस व्यक्ति को कितनी राशि दी जाए। वह व्यक्ति अनुसूचित जाति का या कमजोर वर्ग का व्यक्ति है, वह चक्कर लगाता रहता है। वह कमेटी तय कर लेती है किसे कितना ऋण दिया जाए। जिस बैंक को फार्म भेजता है, उसके चक्कर काटते-काटते वह थक जाता है, लेकिन बैंकों की तरफ से उसे ऋण नहीं दिया जाता है। मैं आपके माध्यम से सरकार से कहना चाहूँगा कि आप बैंकों के शेर खरीदें, उनमें संशोधन करें, लेकिन पहले बैंकों के जिस सामाजिक दायित्व का वायदा किया गया था, उसका पालन होना चाहिए, इसका पूरा ध्यान रखें।[\[R50\]](#)

इस बात पर भी ध्यान देना चाहिए। अगर मैं गलत नहीं हूँ तो सन् 2009 के बाद हमारे देश में विश्व व्यापार संगठन की शर्तों के अनुसार विदेशी बैंकों पर लगा प्रतिबंध समाप्त हो जाएगा। वे भी हिन्दुस्तान में खुले में आ जाएंगे। अभी तक हमारे देश में सिर्फ एचएसबीसी ही ऐसा बैंक है। उस बैंक के पास जितनी सम्पत्ति है, वह हमारे स्टेट बैंक आफ इंडिया और अन्य राष्ट्रीयकृत बैंकों की सम्पत्ति भी मिला दी जाए, तो उससे कहीं ज्यादा है। इसलिए हमारे बैंक विदेशी बैंकों का मुकामला कैसे कर पाएंगे। जब एक बैंक की हालत यह है तो वैश्वकरण के युग में हमारे बैंक विश्व स्तर में किस प्रकार बने रह सकेंगे, इस पर भी विचार होना चाहिए।

हमारे देश में एसबीआई सबसे बड़ा बैंक है। उसके पास करीब 5 लाख करोड़ रूपए की सम्पत्ति है। अभी तक पब्लिक सेक्टर और प्रिवेट सेक्टर के बैंकों में ही प्रतिस्पर्धा है।

अगर विश्व स्तर के पूइवेट बैंक यहां आएं और हिन्दुस्तान में कारोबार चलाएं, तो फिर इन तीनों में प्रतिस्पर्धा होगी। हमारे बैंक उसमें कहां टिक पाएं, क्योंकि विदेशी बैंक नई-नई योजनाएं निकालकर ग्राहकों को आकर्षित करेंगे, इस पर सरकार को अभी से विचार करना चाहिए।

इस बिल के माध्यम से एक्ट में संशोधन हम करने जा रहे हैं, उसमें बैंक प्रबंधन को तवीला बनाने का प्रयास करने का भी प्रावधान है। आज सरकारी बैंकों में हड़ताल होती रहती है। वया बैंकों के कर्मियों के सामने आउटसोर्सिंग का खतरा है, जिससे उन्हें लगता है कि उनका अस्तित्व संकट में आ सकता है इसलिए वे हड़ताल करते हैं। सरकार के बार-बार आश्वासन देने और प्रधान मंत्री जी के साथ बैंक अधिकारियों की बातचीत होने के बाद भी उन्हें बार-बार हड़ताल पर जाने के लिए विवश होना पड़ता है। इस बारे में भी वित्त मंत्री जी अपने जवाब में स्थिति स्पष्ट करें। अगर देश में बैंकों की एक दिन की भी हड़ताल होती है तो करोड़ों रूपयों का नुकसान होता है। इसलिए ऐसी कौन सी नीतियां जिम्मेदार हैं, जिसके कारण उन्हें बार-बार हड़ताल पर जाना पड़ता है, उन्हें दूर करने की कोशिश सरकार को करनी चाहिए।

ऋण देने के मामले में स्टेट बैंक आफ इंडिया सबसे बड़ा बैंक है, लेकिन ऋण देने के बारे में त्वरित निर्णय होना चाहिए। आज सरकारी बैंकों के कर्मी सोचते हैं कि ज्यादा से ज्यादा वया होगा, हमारी ट्रांसफर दूसरी शाखा में हो जाएगी। यह सोच ठीक नहीं है। आज प्रतिस्पर्धा का समय है इसलिए ऋण देने के त्वरित निर्णय के बारे में सरकारी बैंक के कर्मियों की मानसिकता को बदलना होगा। इस पर शासन की ओर से भी विशेष ध्यान देने की आवश्यकता है।

इस संशोधन विधेयक के द्वारा जो आप परिवर्तन करने जा रहे हैं, उसके बारे में मेरे पूर्व वक्ताओं ने काफी चर्चा की है। इसलिए मैं उसमें नहीं जाना चाहता। मैं अंत में यही कहना चाहता हूँ कि सामाजिक दायित्व का निर्वहन आवश्यक है और निम्न श्रेणी के तबके को राष्ट्रीयकृत बैंकों के द्वारा ऋण देने में कोताही नहीं बरती जानी चाहिए। इसके साथ ही मैं अपनी बात समाप्त करता हूँ। आपने मुझे समय दिया, इसके लिए मैं आपका आभार व्यक्त करता हूँ।

SHRI ADHIR CHOWDHURY (BERHAMPORE, WEST BENGAL): Madam, at the outset, I would like to say that the hon. Minister himself has already spelt out the necessity, the rhyme and the reason for the promulgation of the Ordinance. An Ordinance is regarded as an *ex-post-facto* measure in our Constitution. Once the Ordinance is replaced by the Bill, then, the Disapproval Resolution becomes infructuous.

मैं रासा सिंह जी को याद दिलाना चाहता हूँ कि एनडीए सरकार के समय कितने अध्यादेश लाए गए, अगर वे इस पर विचार करें तो उन्हें अपने पूंज का उत्तर मिल जाएगा। पूजातंत्र में आर्डिनेंस लाने का सरकार को अवसर प्राप्त है।

Madam, today, we are living in the age of globalization. Financial sector is regarded as the brain of our economy. Naturally, to adapt to the global environment and to maintain the prudential norms as enunciated by the international standard, we are in the continuing process of reforming our financial sector.[\[R51\]](#)

16.00 hrs.

MADAM CHAIRMAN : Now it is 4 o'clock. We have to take up the discussion under Rule 193 on the flood situation in the country. But, I think, there are only three or four Members left who want to participate in the discussion on this Bill. So, if the House agrees, we will pass this Bill and then we will take up the discussion on flood situation.

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI B.K. HANDIQUE): Madam Chairman, there are only four Members who want to participate in this debate. We can conclude this debate by 4.30 p.m. and then we can take up the discussion on flood situation.

MADAM CHAIRMAN: I hope the House agrees.

SEVERAL HON. MEMBERS: Yes.

MADAM CHAIRMAN: Thank you. I request the Members to be brief while speaking on this Bill.

SHRI ADHIR CHOWDHURY : Madam, our financial sector has been facing three most important challenges, namely, technological challenges, operational challenges and challenges to the people. In order to maintain our financial stability and to inject confidence in our financial system, our financial sector has been reforming over the years and to that end Narasimham Committee was constituted in the year 1991 and again in the year 1998, the second Narasimham Committee's recommendations were accepted by the Government and they have been implemented also and one such recommendation pertains to the objects of this Bill. This has been accepted and to that end the Government has brought forward this legislation

16.02 hrs. (Shri Devendra Prasad Yadav *in the Chair*)

The conduct of financial regulation and supervision by the Reserve Bank of India is directed to the end of ensuring financial stability. Our banking system has been progressively aligned with the regulatory framework of international practices. We have taken steps to implement Basel II norms which are being carried forward through the capital adequacy assessment process. Over the years, the Reserve Bank of India has been vested with the regulatory and supervisory authority over commercial banks, urban development banks, non-banking financial institutions and other financial institutions. But the Government thinks it prudent, in

pursuance of the second Narasimham Committee's recommendations, that the juxtaposition of the twin functions does not behove the Reserve Bank of India and therefore we have separated the functions. Already, as per the recommendations of the Narasimham Committee the Recruitment Board system has been abolished, VRS has been implemented and managerial autonomy has also been announced.

Sir, I would like to draw the attention of the hon. Minister that special emphasis has been laid in both the reports of Narasimham Committee on human resource development. But in that regard I do not know what kind of measures the Government has taken so far.

As far as the performance of our public sector banks are concerned, per employee business, per employee profit generation etc. are the most vital parameters which need to be considered when we review the performance of our banking system. Our banks have been taking several steps to adequately capitalize themselves in order to follow the Basel norms.[\[R52\]](#)

[\[r53\]](#)The transformation of the banking sector in India needs to be viewed in the light of the overall global scenario where cut throat competition has become the order of the day. So, to deal with the situation, we need to improve upon ourselves in all respects in terms of technology, in terms of operation, in terms of our services.

In so far as the SBI is concerned, I must say that still the SBI has not been able to divest itself of its conservative hangover which has been persisting over the years. Therefore, the services which are required by the people are not being given. That is why, a number of complaints have been cropping up against the SBI. In this globalised competitive scenario, I think, the delivery of the service always plays the most important role because growth of our economy is essential and in so far as financial sector is concerned, that plays a dominant role. Therefore, the delivery of service of the bank is necessary to compete ourselves globally, to put ourselves in the right position in so far as globalised scenario of financial sector is concerned.

SHRI VARKALA RADHAKRISHNAN (CHIRAYINKIL): Sir, in the normal course, I would not have availed this opportunity to speak on the Bill. The Amendment Bill is dealing with one aspect and that is, in the original Act, the words used 'Reserve Bank' will be substituted by the words 'Central Government' wherever it appears. That is the only provision. For that purpose, this Bill is introduced.

But my disagreement is in other aspect and it is very simple. In our Constitution, the legislative function is the prerogative of this House and no other agency is entrusted with that function. But articles 123 and 213 give emergent powers to the Governor as well as the President that whenever there is an unexpected emergent situation, the Government can resort to ordinance procedure. The moment the House reassembles, it will end its life within six weeks. This is the position. So, this is an emergent provision for dealing with an emergent situation.

Now, take this case. This Narasimham Committee Report for banking reforms is there for long. The Reserve Bank is acting as a regulator as well as the owner of the State Bank of India and that procedure is there for long. It is not a new development. The Reserve Bank is having a major share in the State Bank and that is also there for long. The Narasimham Committee Report for banking reforms is also before the Government for long. The Government was fully aware of the situation that there must be a legislation and amendment to the State Bank of India Act and it involves a sum of Rs.40,000 crore, according to the first estimates of the Government. For that purpose a provision was made in this year's Budget also. So, the Government anticipated this and it cannot be an emergent situation or an unprecedented or unexpected situation. The Government was quite aware of it that Rs.40,000 crore will be required for acquiring the shares in the State Bank of India. That is the posi[\[r54\]](#)tion.

They also would admit that for that purpose in the current year's Budget Rs. 40,000 crore was the provision. All these things are there in existence for a long time. There was no emergency. By any stretch of imagination can anybody, bar any reasonable person, imagine that there is an emergency? Recommendation of the Narasimham Committee Report is there. The Government also admits that by the inclusion of the provisions in the current year's Budget also. It is not proper in Parliamentary system to withdraw money from the Consolidated Fund of India through an Ordinance. It must be done through a due process of law. This House is kept out of it. The Government have already withdrawn money from the Consolidated Fund of India towards payment of a sum amounting to Rs. 35,000 crore. Sir, Rs. 35,531 and odd crore have already been withdrawn from the Consolidated Fund of India on 29th June 2007. The Ordinance was promulgated. On the same day of the same month, the amount was withdrawn from the Consolidated Fund of India. Why should it be done at the back of this House? The Government is aware of it. That is why there is a provision in the statute. The Government was also aware of the position that the Narasimham Committee

Report is acceptable to the Central Bank; for that decision has been taken long before. When we consider all these circumstances, it is a clear case that Article 123 is being misused.

MR. CHAIRMAN : Please conclude.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): I will answer that point....(*Interruptions*)

MR. CHAIRMAN: There is only half an hour left.

...(*Interruptions*)

SHRI VARKALA RADHAKRISHNAN : Article 123 is being used not for emergent situation but for the convenience of the Government and making this House in a precarious situation. This is a committed legislation. We cannot make any alteration. Money has already been withdrawn. We are supporting the Government; we will have to support this Ordinance also. We cannot make any deliberation because the Ordinance has already taken effect to. We have no deliberation. We cannot make any addition and we cannot make any alteration in the situation now available in the country. Is it proper, my dear friend, Mr. Finance Minister?

SHRI P. CHIDAMBARAM: I will answer it.

SHRI VARKALA RADHAKRISHNAN : You are a very learned man. Why should you resort to Ordinance process by withdrawing money from the Consolidated Fund of India?

MR. CHAIRMAN: You have already made your point, Mr. Radhakrishnan. The hon. Minister is ready to reply your query.

...(*Interruptions*)

SHRI VARKALA RADHAKRISHNAN : Then every Government will withdraw money from the Consolidated Fund of India for any purpose by issuing an Ordinance. It is a very unhealthy Parliamentary practice. The House is made a rubber stamp, if I may put it. For withdrawing money from the Consolidated Fund of India, you have transformed this House into a rubber stamp of the Executive. That cannot be allowed. Kindly excuse me; I have to say all these things; let it be on record; do not create such a bad precedent. It is not good for UPA Government. I think, hereafter UPA Government will be doubly cautious. Whenever you want money, you do it through the process of law, through the sanction of this House and not through the Ordinance.

With these words, I support the Bill.

SHRI KHARABELA SWAIN (BALASORE): Sir I may be allowed to speak from this seat.

MR. CHAIRMAN: Okay.

SHRI KHARABELA SWAIN : Sir, I am not against this Bill, but it is a very peculiar situation that the Bill is to be approved in the Standing Committee on Finance after two or three days. The date has been fixed. But a part of the Bill is now being passed through the Ordinance. This is a very peculiar situation that I am facing now. [\[r55\]](#)

Anyway, I am one with the hon. Finance Minister that the Reserve Bank of India should not be own the institution it regulates. I agree with this. So, I support the transfer of ownership from RBI to the Government.

I would like to seek a few clarifications from the hon. Minister. If the entire equity shares of RBI in the State Bank of India is to the extent of 31,43,39,200, that is 59.73 per cent, then what is the total cost of these shares? On what basis the cost of one share of the State Bank of India is determined? I would like to know whether the market value of the shares of the State Bank of India has already been determined or it is to be determined from time to time as and when the Government makes payment in instruments. This is one of the clarifications which I would like to seek from the hon. Finance Minister.

In the Second Report of the Narasimhan Committee on Banking Sector Reforms, it had been mentioned that not only the shares of the State Bank of India but also the shares of the National Housing Bank and NABARD should be shifted from RBI to the Government. I would like to know from the hon. Finance Minister as to when the shareholding of the National Housing Bank and NABARD is going to be shifted from RBI to the Government of India.

The State Bank of India, even though it is the biggest bank in India, is not even among the first one hundred banks in the world.

Of course, there is going to be a merger of all its subsidiaries with the State Bank of India. Will the State Bank of India go in for more acquisitions? What is the necessity of having so many nationalized banks? Why can some of these smaller and weaker banks not be amalgamated with the bigger ones? I would like to seek this clarification from the hon. Finance Minister.

Do you have uniform guidelines in all the nationalized banks for disbursing the study loan? As a Member of Parliament, I always remain present in the District Consultative Committee meetings. I am really surprised to know that there is no uniform policy among the banks with regard to the sanction of study loan. Some of the banks say that the students should be having a good career. What is the meaning of 'good career'? In my district, I made a request to the State Bank of India to sanction study loan to some of the students but they refused saying that these students are not having good career but some other nationalized bank came forward automatically to sanction the study loan to them. So, I would appeal to hon. Finance Minister that there should be a standard guideline for all the nationalized banks and also there must be a complete transparency as to the basis on which the study loan is sanctioned. So, I shall make an appeal to the hon. Finance Minister that he should go for it and at least the State Bank of India, being the biggest bank, should be more liberal in sanctioning study loan.

Sir, this is my last clarification which I would like to seek from the hon. Finance Minister. At the time of his Budget Speech, the hon. Finance Minister mentioned that the transfer of share from RBI to the Government of India is going to be revenue neutral. During the debate in the Standing Committee on Finance, we sought this clarification from various officers but they could not give.[\[R56\]](#)

I would seek this clarification from the hon. Finance Minister as to what is the meaning of this revenue neutral. With these words I support this Bill.

SHRI VIJAYENDRA PAL SINGH (BHILWARA): Mr. Chairman, Sir, I stand here to speak on the State Bank of India (Amendment) Bill, 2007. I would not dwell upon the subject of promulgation of the Ordinance, which has been raised by many Members. If the timing was such that the promulgation was required, I think, the hon. Minister would be answering on that. But let me take up the other issues.

We have seen the Narasimhan Committee Report, which has given recommendations. But I feel that the Government itself should have taken the initiative to have done away with the RBI control. I think, the Narasimhan Committee has very rightly said that this was required.

Sir, here I would make only four to five points. It is true, which my friend Shri Kharabela Swain also mentioned, that there are 31,43,39,200 shares of the SBI. What is the value of these shares? In the stock market, the value of one share of the SBI is Rs. 1500 today. It had touched the high of Rs. 1,800 also. Therefore, is it a very clear view of the Finance Minister to have got all these shares from the RBI to the Central Government? Now, do they want to disinvest and make some money on it? Is it the motive? If that is the motive, please let us know about it. I think, it is a very clever move.

Sir, in the Statement of Objects and Reasons, there is a mention that all directions shall be given by the Central Government. Now, if that is going to happen, the autonomy of the SBI is going to be lost; and if the autonomy of the SBI is going to be lost, even the satellite banks of the SBI, viz., SBBJ, the State Bank of Patiala and others would not be really able to compete in the market because the competition is very fierce. I thought by doing this, new initiatives could be undertaken by the State Bank of India for the e-banking and many more facilities.

Sir, I am making those points, which have not been made before. Therefore, the autonomy is a very important issue. The Chinese banks are also coming into this market. Everybody is looking into India. Now, if that is the thing, would the SBI be really able to hold on to their monopolies, to their business and do better? I feel that by giving autonomy to the SBI, new initiatives would be moved and they should be able to really compete in the market, which is a very good thing.

Sir, let me also point out that the banking culture of the public sector banks which used to be has gone. Now, things are changing. That is one of the reasons that the brain drain, good officers are getting out of the SBI and joining foreign banks. This autonomy would stop such things because then, they would be able to really take more initiatives for themselves. There may be vested interest of the RBI and SBI; if the shareholding is there, they would also like to become the owners. It is a statutory requirement of the RBI to have their audits and other regulations. That also is going to be stopped. There used to be always a contradiction. There used to be even an internal contradiction that what is going to happen, why should the auditing be like this, why should the auditing of the RBI on the other banks be different from what is happening into the SBI?[\[r57\]](#)

All this will be done away and I think what has been done is in the interest of SBI and in the interest of the country.

Also, let me mention lastly that rural economy is really becoming very, very big and the SBI has maximum number of banks in rural India and those banks will also be able to give better loans, more facilities and more, what is called, the anywhere banking service from the banks.

MR. CHAIRMAN (SHRI DEVENDRA PRASAD YADAV): Now, Shri Braja Kishore Tripathy. You will be the last speaker.

SHRI BRAJA KISHORE TRIPATHY (PURI): Mr. Chairman, Sir, we are discussing the State Bank of India (Amendment) Bill, 2007. Although this seems to be a very simple legislation, it has far reaching implication and impact on the rural and agrarian economy of our country.

Sir, the Government has taken the Ordinance route. It is not a good Parliamentary practice. Moreover, taking money from the Contingency Fund and that too without taking the approval of the House, through the Ordinance, to do any financial transaction of the Government is not a good and healthy Parliamentary practice. But there was no urgency to take the Ordinance route. The heavens would not have fallen if, through this Bill, which he has introduced, they take the approval of this House in this Session or in the last Budget Session if it was so urgent. But the Amendment Bill 2006 is pending with the Standing Committee. They have not decided on it. They have not considered it. It is under consideration. Now bifurcating the Bill, they have brought another Amendment Bill, 2007 for the approval of this House through the Ordinance route. I am opposing this Ordinance route.

Sir, by these banking reforms, there are concerns about the lack of social orientation, fragility of the banking system, issue of economic sovereignty and ownership. These will be the consequences of these banking reforms. This clearly implies the tendency to move towards privatization. This has already started. The Chairman of the SBI has said on 12th May, 2007 in a Press Conference that SBI plans to raise Rs.15,000 crore. This will be raised through a mix of debt and equity. The issue of shares is estimated to be Rs.6,000 crore. Already, the move has started. We have not given the approval. Yet the State Bank has its plan to raise equity and privatize this thing. It has already started.

Sir, by amending Sections 3, 5, 10, 11, 18, 19, 24 and 36 and substituting "Central Government" for the word "Reserve Bank", the Government is intending to take away SBI from the control, authority and directions of the Reserve Bank. This measure of the Government is nothing but yielding to the pressures of corporates, big business houses and speculators to get more bank loans. Govt. is, under the pressure of these corporate houses, this Ordinance Bill has been introduced to reform the SBI and to allow them to take more loans from the SBI.

The adverse impact would be that SBI would be tempted to uncover it with lesser SLO (Statutory Liquidity Ratio) and lend more money as loans, thereby increasing its risk. If they give more money as loan without considering the SLR, naturally there is a risk, and this is a Government bank. [\[MSOffice58\]](#)

The risk is that the public money will be taken away by the corporate houses. Is it that the banking reforms mean shifting of control and authority from Government to private which means withdrawing its responsibility from social sector and upkeepment of the weaker sections? Is this the entire intention of the banking reforms? The House should be very much concerned for all these things as to what is the real intention behind all these things?

Just now hon. Member Shri Swain was mentioning that the students are not getting loans from the nationalised banks, from the State Bank of India. The farmers are not getting loans. The small business houses are not getting loans. But the big corporate houses will get the loan and the loan will be waived off by this Government. The entire loan will be waived off. This is the way how the public money is drained away and misutilised in the name of banking reforms.

With these words, I conclude.

समाप्ति महोदय : माननीय मंत्री जी उतर देंगे लेकिन उतर तक, बिल पास होने तक इस बिल का समय बढ़ाया जाता है।

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Mr. Chairman, Sir, may I begin by thanking Shri Lakshman Singh and all others who participated in this debate on this Bill to replace the Ordinance? With your permission, Sir, let me clear a few misconceptions first. Firstly, the intention to acquire RBI's shareholding was announced in the Budget. It was a transparent upfront announcement made in the Budget and when this House passed the Budget you approved that decision. Then, we also

provided Rs. 40,000 crore in the Budget which this House voted when it voted the Appropriation Bill. Unlike what Shri Radhakrishnan said, the money is not being appropriated under this Bill. The money was appropriated under the Appropriation Bill which was voted by this House. Perhaps, he may have overlooked that fact. Therefore, quite transparently, we announced our intention, we had a budgetary provision and this was voted by this House when the Appropriation Bill was passed. It is only after the Appropriation Bill is passed that I have the authority and the confidence to go about the transaction.

Suppose, theoretically, this House had rejected that part of the Appropriation Bill, I cannot bring this Bill. So, I could not have brought this Bill at the time of the Budget Session. I can only bring it after the Appropriation Bill is voted. So, after the Appropriation Bill is voted – and I have given the reasons – we needed to accumulate approximately Rs. 40,000 crore that is required without interfering with the regular borrowing programme, without upsetting the market from which we have to borrow. So, we estimated that it will take us about three months to rely upon tax revenues, non-tax revenues and borrowing in the market to build up this capital of Rs. 40,000 crore. This took us three months, April to June, to build up this capital of Rs. 40,000 crore.

Once we were confident by the middle of June that this capital of Rs. 40,000 crore has been built up, then we promulgated the Ordinance on the 21st of June and said we will complete the transaction by the 29th of June which is the penultimate day before the RBI's year is over. So, I give the money to the RBI on the very last day and take it back in the first week of July so that I save on interest, I do not spend too much on interest. So, that is all that has been done. All these apprehensions which were expressed, I say with great respect, have no basis at all. What has been done is the most effective, most efficient way of doing this transaction in a short period of time. Parliament has already voted this in the Appropriation Bill.

Sir, we had actually spent only Rs. 35,531 crore. The price of each share was calculated according to SEBI guidelines. There is no arbitrary way in which the price can be fixed. There are SEBI guidelines of how price of share should be calculated. According to those guidelines the price of share has been fixed. [\[MSOffice59\]](#)

We have paid Rs. 35,531 crore and in the first week of July or middle of July, the RBI has returned that amount to us as part of its surpluses. So, it is a revenue neutral transaction.

As far as other aspects of SBI's working are concerned, there is a Bill pending before the Standing Committee on comprehensive amendment to the State Bank of India Act. This Bill does not touch any of those provisions. This Bill simply replaces the words 'Reserve Bank of India' by 'Government of India'. While I will be very happy to answer a few questions, when the regular SBI comprehensive amendment Bill comes, we can have a full discussion on the working of the SBI.

Sir, be that as it may, let me answer the few questions that were raised. A question was asked about SBI MF. Yes, SBI Mutual Fund is owned by two entities. One is SBI which owns 63 per cent and the other is Societe Generale which owns 37 per cent. Is SBI tying up with post offices to give credit? Yes, the SBI is working on it and I hope that the SBI will succeed in tying up with post offices to extend credit to the remotest villages of India.

Sir, as far as the NABARD and the NHB are concerned, both are unlisted companies. There, we would require a certain amount of money to take over those two shareholdings. We intend to do that in the current year and complete those two transactions by June, 2008, but since they are unlisted companies, there is no great urgency to do that immediately, but we will do that by June, 2008.

Sir, SBI has done rather well. In fact, SBI has improved its position since the UPA Government came into office. I am giving the figures as on 31st March 2007 and I am also giving the corresponding figures of the previous year, 31st March 2006. The SBI's deposits increased from Rs. 3,80,000 crore to Rs. 4,35,000 crore; SBI's advances increased from Rs. 2,67,000 crore to Rs. 3,42,000 crore; lending to SMEs increased from Rs. 42,263 crore to Rs. 51,840 crore; lending to agriculture increased from Rs. 30,447 crore to Rs. 41,510 crore. SBI's gross NPA has declined from 3.88 per cent to 2.92 per cent. Its net NPA has declined from 1.87 per cent to 1.56 per cent. Under every parameter, SBI is now a stronger bank than what it was three years ago. It is a stronger bank than what it was even one year ago.

Sir, questions were asked about the per employee business and per branch business of the public sector banks. Per employee business ranges from Rs. 240 lakh per employee in Central Bank of India to Rs. 570 lakh per employee in the Oriental Bank of Commerce. As far as per employee profit is concerned, this ranges from Rs. 68,000 per employee in the Central Bank of India to Rs. 5.37 lakh in Oriental Bank of Commerce. In a way, this shows that banks' performance is extremely....

SHRI K.S. RAO (ELURU): Is this Central Bank of India or State Bank of India?

SHRI P. CHIDAMBARAM: It is for all public sector banks and they are highly diversified.

There are some banks which are not as good as the best bank. There is a wide range, but the effort is to make all banks more profitable and more efficient.

Sir, I have given you the figures of SBI. In fact, if you look at SBI's performance since 2003-04, the improvement will be even sharper, but for want of time I have given you improvements from 2006 March to 2007 March. I have figures with me from 2004 March to 2007 March. That will be even sharper. For example, let me give you one figure. Gross NPA in March 2004 was 7.75 per cent. It has now come down, as I said, to 3.88 per cent and further to 2.92 per cent. Likewise, net NPA was 3.48 per cent. It came down to 1.87 per cent. Now last year, it came down further to 1.56 per cent. So, I believe that under the UPA's charge, SBI today is a stronger bank and we will make every effort to make SBI a much stronger bank. [s60]

Sir, as far as the Public Sector Banks are concerned, again I have given these figures in many fora. I have given them in the Parliament also while we discussed the Budget proposals and the Finance Bill. There has been a marked improvement in the performance of the Public Sector Banks. Today, the Public Sector Banks are much stronger than what they were 3 ½ years ago, and let me pay tribute to the management, staff, employees and the officers.

Let me give some numbers. I am giving the figures for March 2004 and March 2007. The total deposits from all Public Sector Banks have increased from Rs. 12,29,000 crore to Rs. 19,88,000 crore; advances from Rs. 6,33,000 crore to Rs. 14,54,000 crore; gross NPA of all banks that was at 7.8 per cent has declined to 2.65 per cent; net NPA declined from 3 per cent to 1.04 per cent, which is one of the lowest in the world for any country. There is scope for improvement, and we will bring it down to below one per cent this year.

The return on assets is comparable to international benchmarks. It is one per cent for 23 banks, and it is less than one per cent for one bank. It is comparable to international benchmark RoA, which is about one per cent. ...(*Interruptions*)

SHRI BRAJA KISHORE TRIPATHY (PURI): I had raised the point about quantum of waiving of loans.

SHRI P. CHIDAMBARAM : I will answer that point also. The total priority sector advances has increased from Rs. 2,44,000 crore to Rs. 5,21,000 crore; agricultural credit has increased from Rs. 84,435 crore to Rs. 2,05,080 crore. It is more than double, and more than what we promised. ...(*Interruptions*)

SHRI PRABODH PANDA (MIDNAPORE): What about it in terms of percentage?

SHRI P. CHIDAMBARAM : In terms of percentage also that proportion has increased.

There were 10,79,091 credit linked SHGs when we took over, which increased to 26,08,338 by the end of March 2007, and which further increased to 29,25,698 by the end of June 2007.

SHRI K.S. RAO : What is this increase?

SHRI P. CHIDAMBARAM : It is the number of SHGs.

The education loans were given to 3,19,337 students when we took over, it was given to 9,37,793 students by the end of March 2007. The amount of education loan given was Rs. 4,550 crore when we took over, and it is Rs. 14,214 crore by the end of March 2007. Therefore, by any measure, as Parliament, we must compliment our Public Sector Banks. They are carrying out the Parliament's mandate. They are giving more loans to agriculture; they are giving more loans to SMEs; and they are giving more loans to education. Of course, they can do better, but that is why we are here, that is, to ensure that they do better. There are mistakes. Who says that there are no mistakes? There are mistakes, and there are some managers in some branches where this is not done. We will pull them up, and we will correct them. But the numbers will clearly prove in every sector that as a system as a whole, they have done better, and the banks are stronger.

SHRI LAKSHMAN SINGH (RAJGARH): Sir, your revenue on bank assets has declined about which I mentioned earlier in my speech also.

SHRI P. CHIDAMBARAM : Yes, I will answer that point also. My learned friend is referring to return on assets, and he says that it has declined for State Bank from 0.94 to 0.84, and for PNB it has declined from 1.68 to 1.03. But please remember that it has also declined for ICICI from 1.41 to 1.1. Why is it so? The reason is that we cannot expect a net interest margin of more than three per cent in a highly competitive market. In fact, according to me, the international banks work on a NIM of about 2 ½ per cent. We were working with a NIM with very large spread, which in fact hides inefficiency. A NIM of three per cent and an RoA of one per cent corresponds to international benchmarks. So, an RoA of one per cent is not bad; an RoA of one per cent is good. It means that the people are getting credit at more competitive interest rates. This is a good sign, and not a bad sign.

With these words, let me commend this Bill once again and request that the Bill be passed.

SHRI VIJAYENDRA PAL SINGH (BHILWARA): Sir, what about the question asked by me?

MR. CHAIRMAN: Please take your seat.

SHRI P. CHIDAMBARAM : What was your question?

SHRI VIJAYENDRA PAL SINGH : I had asked you that by one stroke the Central Government has been able to get a bigger asset. I do not know how the SEBI has worked it out. What is the real value that you are getting on these shares if it is Rs. 1,800 a share and you are getting it for Rs. 40,000 crore?[\[r61\]](#)

SHRI P. CHIDAMBARAM: I have just told you that according to SEBI guidelines, the share price on the date of transfer was Rs. 1,130.35. SEBI guidelines have been faithfully applied in valuing the shares.

SHRI PRABODH PANDA (MIDNAPORE): A question has been raised about autonomy. Is their autonomy going to be disturbed?

SHRI P. CHIDAMBARAM: If this Government had interfered with the autonomy of the banks, would the banks have become stronger in the last three-and-a-half years? Would they have done better? The point is that we have given them more autonomy, we have given them performance-based incentives, and we have asked the banks to delegate powers to their managers. That is why, the banks' performance is better and the banks are stronger. When I read out the figures, my learned friend applauded me. You must also applaud me in my conclusion that I have given more autonomy rather than restricted autonomy.

SHRI B. MAHTAB (CUTTACK): I just want to supplement the point raised by Shri Panda. By taking out the shares from RBI, the Government is controlling the bank. Yet, you say that you are giving them more autonomy!

SHRI P. CHIDAMBARAM: Ownership is different from management. Government owns the majority shares in all nationalized banks. It is only in the case of SBI, the shares were held by RBI. Today, the RBI shareholding is being taken over by the Government. Like in 19 other banks, Government will own the majority share in this bank. This has nothing to do with the management which is vested in the Board of Directors and the CMD, and we have given them more autonomy.

SHRI KHARABELA SWAIN (BALASORE): I talked about study loans. Will you have a uniform policy in all the nationalized banks?

SHRI P. CHIDAMBARAM: I will send you the guidelines circulated by RBA on educational loans. I am not denying that maybe a hundred branch managers all over the country are not following the guidelines, but by and large, things are improving. The numbers will speak for themselves. But I will send you a copy of the guidelines circulated on educational loans.

MR. CHAIRMAN : Since the mover of the Statutory Resolution is not present, I am putting the Resolution to the vote of the House.

The question is:

"That this House disapproves of the State Bank of India (Amendment) Ordinance, 2007 (No. 5 of 2007) promulgated by the President on 21 June, 2007."

The motion was negatived.

MR. CHAIRMAN: The House will now take up the Motion for Consideration of the Bill.

The question is:

"That the Bill further to amend the State Bank of India Act, 1955, be taken into consideration."

The motion was adopted.

MR. CHAIRMAN: The House will now take up clause by clause consideration of the Bill.

The question is:

"That clauses 2 to 10 stand part of the Bill."

The motion was adopted.

Clauses 2 to 10 were added to the Bill.

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

SHRI P. CHIDAMBARAM: I beg to move:

"That the Bill be passed."

MR. CHAIRMAN: The question is:

"That the Bill be passed."

The motion was adopted.

16.49 hrs.