

[Dr. Datta Samant]

beyond repair the brotherly feelings among the people living along the borders of the two States and will ultimately affect national integration. All efforts including the appointment of the Mahajan Commission by the Union Government have failed to bring about a satisfactory solution to the Maharashtra-Karnataka boundary dispute.

The Union Government have advised the Chief Ministers of both the States to solve the dispute amicably but there is no solution whatsoever so far.

In the interest of national integration, harmony and brotherhood between two States, I appeal to the Union Government to appoint a judge of the Supreme Court to examine the recommendations of Mahajan Commission, to study the data and evidence collected by the Commission and to recommend fresh proposals applying the principles of (i) village as a unit; (ii) geographical contiguity; and (iii) linguistic affinity, viz. relative linguistic majority and wishes of the people and to report within three months.

(viii) . Need to enquire into the non-payment of compensation under the Crop Insurance Scheme to the tribal farmers in Maharashtra.

SHRI UTTAM RATHOD (Hingoli): The Crop Insurance Scheme introduced in Maharashtra for the benefit of the farmers affected by scarcity and flood has failed to provide compensation to the scarcity affected policy holders in the Tehsil of Kinwat, District Nanded, Maharashtra in the year 1986-87. Though the Paisewari of 133 villages was below 50 paise, still they were denied their legitimate claim. This has created great unrest and doubt about the scheme.

Adjoining areas having better conditions were given compensation while the tribals of Kinwat Tehsil were denied compensation under the scheme. The Government should enquire into the matter and find out the fact both from the people and the officials and sanction the claim of insurance to the people of Kinwat, Maharashtra.

[Translation]

(ix) Need to stop the flow of contaminated water into the Ganga in Kanpur.

SHRI JAGDISH AWASTHI (Bilhaur): Mr. Deputy Speaker, Sir, Kanpur is a big industrial town of North India. No doubt, the factories and mills contribute in polluting the Ganga, but the leather tanneries have worsened the situation still further. Recently the Supreme Court in one of its directives had ordered to keep these tanneries closed till the appropriate pollution preventing equipments are not installed there. It should be ensured that the Supreme Court orders are strictly enforced. In Kanpur the water of the two drains before Bheron Ghat pumping station and Kesa Power House goes in the Ganga. This results in the pollution of water. Moreover the same water, is sent to Kanpur to meet the demands of drinking water after necessary treatment. This causes a lot of diseases among the people. The Government is requested that this should be stopped with immediate effect and the shortage of drinking water be met by clean drinking water.

12.40 hrs.

[English]

REGIONAL RURAL BANKS (AMENDMENT) BILL

MR. DEPUTY SPEAKER: The House will now take up further consideration of the following motion moved by Shri Janardhana Poojary on the 23rd November, 1987, namely:—

"That the Bill further to amend the Regional Rural Banks Act, 1976, be taken into consideration."

Hon. Minister.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): Sir, I am thankful to the hon. Members who have taken part in this debate. About twenty hon. Members from this side and also from the Opposition side have taken part in this very informative debate and I have to mention the names of some of the hon. Members whose contribution was very effective. They are, Shri

Madhav Reddi, Shri K.S. Rao, Shri Basudeb Acharia, Shri Thampan Thomas, Shrimati Basavarajeswari, Prof. N.C. Parashar, Shri Vijay N. Patil, Shri V. Krishna Rao, Shri G.M. Banatwalla and Shri V.C. Jain. In fact I must be grateful to them for studying the RRBs functioning in depth and their contribution would be kept in mind for our future reference and for future action. In fact when I was hearing some of them, I found they have given more information to us in order to have effective functioning in the rural areas.

The Banks were nationalised on 19th July, 1969 in order to give economic strength to the nation, and more particularly to the weaker sections who are living below the poverty line. After the nationalisation in spite of the best efforts, the banking sector was not able to fully cater to the needs of the weaker sections, small farmers and also the marginal farmers who were living in the interior villages and tribal places. The attitude of the bankers even after the nationalisation was that they have to only cater to the needs of the industrial sectors and also the big sector. The approach was this: when they were asked to go to interior places to serve weaker sections, they thought that the money which was being given would not come back; and it would be not viable for the banking sector to reach the weaker sections. So, considering the situation in the country, the then Government of India headed by Shrimati Indira Ji thought of starting these Regional Rural Banks which would go to rural areas.

As the hon. Members were pleased to make the point yesterday, it is the duty of the Government to cater to the needs of the weaker sections, particularly those living below the poverty line.

The argument that has been placed before the nation by some of the economists and also some of the so-called experts is that if the banking sector—which is called commercial banks—is taken to rural areas, it will not be viable, and the prime consideration of profit-making will not be there. This argument is given, even after the nationalization of

banks, even though the objective was to go in for mass banking instead of class banking. Government of India thought that in order to serve the weaker sections, commercial banks will not be viable, and that we should have a structure, an institution, which would be a low-cost structure, so that nobody could complain that it would not be viable. (Interruptions) When this idea was mooted and conceived, preparations were made, and the Bill was placed before Parliament and it was enacted. Today, after this short span of years, we have got about 13,000 rural bank branches in the country, of 196 rural banks, covering 357 districts in 23 States. We have mobilized, through these Regional Rural Banks, Rs. 1763 crores as deposits, and we have given loans to the rural people i.e. to target groups viz. small and marginal farmers and also weaker sections... (Interruptions)

SHRI AJOY BISWAS (Tripura West): What was the amount given? You have mobilized, but you have not given the money.

SHRI JANARDHANA POOJARY: We have given Rs. 1846 crores, even though the deposit was to the extent of Rs. 1763 crores. We have not only utilized the deposits mobilized in rural areas, but we have given much more than that—the amounts coming from the sponsor-Bank, the Reserve Bank, NABARD and other sources.

We do not say that it is sufficient. Much more funds should flow into rural areas. Here, what have been our efforts so far? Out of 29,922 branches which are in rural areas—out of 53,540 branches in the country—the branches situated in the rural areas of the rural banks in the country number 11,918. This constitutes 40% of the rural branches. As far as the districts in the tribal sub-plan areas are concerned, i.e. in the interior places where Scheduled Castes and Scheduled Tribes are living, we covered most of them. Out of 96 districts, we have covered so far 83 districts. Similarly, out of 115 districts in tribal sub-plans, we have covered 97 districts by the RRBs.

[Shri Janardhana Poojary]

Coming to the amount that has been given to the rural people, as I have stated earlier, that amounted to Rs. 1,736 crores. When we give loan to this area, it is true, as pointed out and studied by the hon. member, Shri Madhav Reddi, that some of the rural banks have incurred losses; some of the rural branches, because they have started functioning recently, have incurred losses. The information which I have got is that out of 194 branches, 46 branches have earned profit to the extent of Rs. 4.65 crores; 148 regional rural branches are in losses, and their figure of losses comes to Rs. 32.56 crores. So cumulative loss so far of RRBs, which I have referred to, is Rs. 89.63 crores. Taking into account the losses sustained and also the situation prevailing in the rural areas, I respectfully submit before the hon. House whether we are in a position to give more facilities to our workers whom we respect and whom we want to give more. It is a statutory provision that their salary and service conditions—because they have to cater to the needs of the targeted group where the cost should be, as far as possible, less and it should cater to the needs of the weaker sections and small and marginal farmers — and their structure should also be a low cost structure; and the statutory provision was incorporated stating that their salary and other service conditions should be on par with the employees of the State Government.

In the states, cooperative societies and cooperative banks are working and the State Government employees are also working. So far as rural bank structure is concerned, their capital base is concerned, 54 per cent comes from the Central Government, 35 per cent comes from the sponsoring bank and 15 per cent comes from the State Government. As the structure is a lost cost structure, as I said earlier, it is catering to the needs of the weaker sections of the society, the viability also will not be very strong. So, it was considered that the structure should be on par

with the State Government employees; their salary and other service conditions should be in line with the salary and service conditions of the employees of the State Government. The employees of the State cooperative sector, cooperative societies and cooperative banks are getting less than the employees of the regional rural banks. Our sympathies are with the weaker sections and the employees of the regional rural banks.

Representations have been made by Shri Basudeb Acharia and other members from that side and also by Kumari Mamata Banerjee and other members from this side to us asking for more fund and more facilities for them. Considering all these factors, in order to go into this problem as per the directions of the Supreme Court, today we have set up the national industrial tribunal to go into the salary and other payments to be made to the employees of these Regional Rural Banks. So, I request the hon. Members to bear with us so far as the functioning and also the viability of the rural banks is concerned.

Hon. Member Shri Madhav Reddi mentioned that there were demands for the closure of these rural banks and he made a fervent appeal to the Government that they should not be stopped and some hon. Members from this side also made an appeal to us not to close them. I heard the hon. Members and it is my personal view and it is also the view of the Government that we have to go in for these regional rural banks in a big way and we should not stop the functioning of the regional rural banks, and we have to strengthen the base of these regional rural banks. They have been successfully catering to the needs of the weaker sections and the people who are living in rural areas whose income is not more than Rs. 6,500 per annum. We have come up with all these amendments. Hon. Members have made some suggestions and have also referred to the recommendations of the working group headed by Shri Kelkar. All the recommendations need not have statutory backing. Wherever

It is required we have to come up with the amendments and in respect of the other recommendations we have taken, wherever it was possible, administrative actions and if any hon. Members want, they may write to me and I will definitely give these details to them.

Now, coming to the training aspect of the officers and staff of the regional rural banks, the points that have been made by Shri Reddy and also Shri Basudeb Acharya, and others here, that they should be trained are noted; and some hon. Members from this side said that the training is not sufficient. For the benefit of the hon. Members I can say, that out of 46,245 employees we have given training to 37,238 employees, both officers and other staff.

SHRI G.M. BANATWALLA (Ponnani): That is a good record.

SHRI JANARDHANA POOJARY: It is also our effort to give more training to these people and I fully agree with the hon. Members that the officers and staff members should be committed and they should work hard and come up to the aspirations of the weaker sections and the rural people, and their approach should also be rural. It should not be an elitist approach, their mind and heart, everything should be for the rural people. For that purpose we have made it a point to see that they are trained in this respect. Not only that; we have asked our banking sector in rural areas that once in a week the banks should be closed and they should go to the rural areas, they should guide them and talk to them. They should inform the weaker sections and also the rural people, what are the benefits available for them. We have been monitoring it and we have asked the Chairman of the banks, we have also asked the officials of the Banking Division and the other supervisory staff to go to the villages to find out whether these people are going.

13.00 hrs.

Even as the Minister of State for Finance,

I personally went to the rural areas and we sat under the trees without even chair or anything of that sort, on the floor we sat and discussed the problems of the rural people with the officers, motivating them to look into the problems of the weaker sections of the rural people, particularly to see that the women folk take full advantage of the programmes. In spite of that Sir, I must confess that some blacksheeps are there as pointed out by the hon. Members from this side and that side that there is an element of corruption. When I recently went to the villages, three or four Scheduled Caste people came and told me 'Sir, we have taken Rs. 12,000/- loan and we have to part with Rs. 1,000/- as bribe'. When they told this, immediately we have taken action and recorded the statements of those Scheduled Caste people. I made the Assistant General Manager of the Bank to stay there to go deep into the matter and to find out who was responsible for that and to take action.

Sir, I request the hon. Members from both sides whenever you go there—some of the hon. Members are writing to me bringing out some complaints which are general in nature and when I order for enquiries and when those people gone to the villages, stereo type replies are being given to us. There is no other machinery and I have found out in some cases that complainants have been won over by clique and they have been given threats also that they are going to harm them. We have got information to such an extent. Whenever we got information, we pursued it. I request the hon. Members to pursue whenever you write about the complaints to us.

Whenever we give some replies to you and there also if you are not satisfied with it, kindly approach the complainants and find out the truth what had happened at the grassroot level and write to us back. This pursuance will help the Government to take action.

Sir, in one day, we have raided the houses of the forty nine Bank officials;

[Shri Janardhana Poojary]

actions are being taken, but we are not satisfied. Improvement has to be done in that field to tackle more people. If there are specific instances brought to our notice, definitely we will not spare any person.

Sir, the hon. Members may be eager to find out how many small and marginal farmers were helped and to what extent. So far, as on 31.12.1986, we have financed 6.93 lakhs farmers with the loan of about Rs. 169.32 crores. *(Interruptions)*

It is through Regional Rural Banks and only small and marginal farmers, not non agriculture sector. I have stated that Rs. 1846 crores have been given.

The hon. Member Shri Banatwalla has stated that we have not gone in a big way in the southern region rural areas. The figure about the rural areas, I am not having it. But, so far as the Credit Deposit Ratio of the Commercial Banks are concerned, for the benefit of the hon. Members, it is the highest, about 81 per cent higher than any other in the southern region. So far as the Credit Deposit Ratio of the Regional Rural Banks are concerned, in the southern region we have gone to the extent of 160 per cent.

(Interruptions)

SHRI ANIL BASU (Arambagh): In Meghalaya, it is the highest.

(Interruptions)

SHRI JANARDHANA POOJARY: We would have given higher in West Bengal but there was little resistance. If there would not have been any resistance, and you could have welcomed our coming there in order to motivate, then we would have given more funds to West Bengal also.

SHRI C. JANGA REDDY (Hanamkonda): You can help the poor, but not for advertisement.

(Interruptions)

SHRI JANARDHANA POOJARY: I do not want to take much time of the hon. Members. The hon. Member Shri Piyus Tiraky made one point stating that 'Why can't you give loan without interest to the people when you are getting loans from the international area, where the rate of interest is lower?' and he has given certain examples. I respectfully disagree with him and I say that whatever assistance we get from the World Bank, whether it is IBRD or any other institution it will come to the kitty of the nation, the Government of India. From it, we will have to cater to the needs of various sectors. State Governments are given for the developmental activities in the form of loans seventy per cent and in the form of grant thirty per cent. It has to go from that same kitty, and even to NABARD, we have to give loans and it would be somewhere near seventy eight per cent.

Taking into consideration the cost of deposit and other expenditure involved, we are giving in rural areas loans at concessional rate of interest at 4 per cent and to the farmers at 10 per cent. Under IRDP we are giving a subsidy of one-third. Suppose, a sum of Rs. 3000/- has been given as loan, Rs. 1000/- will be as subsidy. In the case of small farmers the subsidy will be 25 per cent. In the case of tribal people the subsidy will be 50 per cent. So if we calculate it, it will be more beneficial than giving the money without interest. In the other case, on the principal also the poor people will be getting subsidy. So I do not think, the hon. Member is correct when he says that we give the impression in the loan functions that the money is given as a grant. The hon. Member referred this to me. I respectfully submit that in the loan functions, it is made very clear that it is their duty to repay the loan. There we talk of corruption also. We are giving these loans in the presence of 50,000 people.

We are making them to understand that nobody should even give a glass of water to any person.

Regarding security and surety also, up to Rs. 5,000—now it is up to Rs. 10,000 under IRDP—no security is required. For cottage and village industries and for small-scale industries, up to Rs. 25,000, no security or surety is required. We are warning the bank people also if they demand surety and security. The main objective of the Credit Camps is to educate the weaker section, who are not literate and who are not having the knowledge about the details of the programmes and the benefits which are available to them. The weaker sections are not in a position to read out and digest the literature which is printed by the branches of the banks. For that, the Minister himself is going and explaining in detail. Even in those functions I have been criticised for taking lot of time for explaining. Even at the cost of criticism, I have taken lot of pain to go from place to place, from district to district. That is the point to be considered. Some people say we do not want to work. We really do not find time. There should be will to work. Without breaking for lunch or dinner, without any break even for tea or anything. We have been moving from place to place, from 7 A.M. to 3.30 P.M. When I visited the hon. Member Shri Madhavrao Scindia's constituency, I started from here five o'clock and I came back after 24 hours continuous work and after covering two districts, including the Chambal Valley. So, like that we are moving...*(Interruptions)*.

[*Translation*]

SHRI BAPULAL MALVIYA (Shajapur): Mr. Deputy Speaker Sir, I would request the hon'ble Minister to visit Shajapur and see for himself the situation.

[*English*]

SHRI JANARDHANA POOJARY: Please wait. I will answer to everything.

MR. DEPUTY-SPEAKER: He is coming to that. Don't worry.

SHRI JANARDHANA POOJARY: So, Sir, like that we are moving. Not only we are moving, we are monitoring it also and not only we are monitoring, at some places we are taking action also. The hon. Members want us to take action. When we are taking action at the spot, it is criticised saying that we are doing public trial. We are not doing public trial. Whenever you, the Members of Parliament or the public representatives put a question here, bringing out some of the deficiencies to our notice, or when you bring to us the cases of corruption, we say yes, we will look into that and we will take action. We move because all the people cannot come to Delhi. When we go to the villages, the village people represent to us. If we make enquiries and if we say that we will take action, could it be construed as public trial?

It is also stated that some of the union leaders have gone to the extent of saying that we are conducting public trials. It is not true. We are going to the rescue of those people who are down-trodden, who are helpless, who are illiterate, who are unfortunate people on this country. For that purpose, it is our duty to take action.

Thank you very much, Sir. I do not want to take further time of the hon. House. I commend the Bill for the consideration of the House.

MR. DEPUTY SPEAKER: Shri Acharia, are you withdrawing your amendment to the motion for the consideration of the Bill?

SHRI BASUDEB ACHARIA: No, Sir, I am not withdrawing.

MR. DEPUTY SPEAKER: Now I put amendment No. 5 to the motion for the consideration of the Bill, moved by Shri Basudeb Acharia, to the vote of the House.

Amendment No. 5 was put and negatived.

MR. DEPUTY SPEAKER: The question is:

"That the Bill further to amend the Regional Rural Banks Act, 1976, be taken into consideration."

The motion was adopted.

MR. DEPUTY SPEAKER: The House will now take up clause-by-clause consideration of the Bill. Now we shall adjourn for lunch and will reassemble at 2.15 p.m. and then we shall take up clause-by-clause consideration of the Bill.

14.15 hrs.

The Lok Sabha re-assembled after Lunch at nineteen minutes past Fourteen of the Clock.

The Lok Sabha re-assembled after Lunch at nineteen minutes past Fourteen of the Clock.

[MR DEPUTY SPEAKER *in the Chair*]

REGIONAL RURAL BANKS (AMENDMENT) BILL—*Contd.*

[*English*]

MR. DEPUTY SPEAKER: Now we take up clause-by-clause consideration of the Regional Rural Banks (Amendment) Bill, 1987.

There is no amendment to Clause 2.

The question is:

"That Clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3—(Amendment of Section 3)

MR. DEPUTY SPEAKER: There is an

amendment by Dr. D.B. Patil. He is not here. Then, Shri C. Madhav Reddi.

SHRI C. MADHAV REDDI: I beg to move:

Page 2,—

after line 10, *insert—*

"Provided further that the financial assistance to be extended by the Bank by way of refinance shall not be at a higher rate of interest than charged by National Bank for such loan." (22)

Sir, I had already said about the purpose of this amendment to Clause 3 and it does not need any further elaboration and if the hon. Minister accepts my amendment, I will be happy.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): I am sorry that I am not in a position to accept it because so far at the time of the setting of the RRBs, the share capital would be 25 lakhs. There is no provision for relaxation.

SHRI C. MADHAV REDDI (Hanamkonda): Clause 3 is in regards to the refinance. The rate of interest for refinance which is charged by the NABARD as well as the sponsored banks is not the same. NABARD is charging 7% while the sponsored banks are charging 8½%. I said that because that rate is so high in these Banks, because of lot of borrowing accounts, lot of deposit accounts and services accounts are also very costly.....

SHRI JANARDHANA POOJARY: I followed it.

SHRI C. MADHAV REDDI: My amendment is that there should be statutory provision so that the sponsored bank does not charge more than what the NABARD charge.

SHRI JANARDHANA POOJARY: Here