

(SHRIMATI SHEILA DIKSHIT): I beg to move:

"This House resolves that the person calling himself Dhirender Pratap Sharma, son of Shri Suresh Chand Sharma, who shouted slogan from the Visitors' Gallery at about 11.30 hours today and whom the Director, Security, took into custody immediately, has committed a grave offence and is guilty of the contempt of the House.

This House further resolves that in view of the regret expressed by him, he be let off with a stern warning on the rising of the House today."

MR. DEPUTY-SPEAKER: The question is:

"This House resolves that the person calling himself Dhirender Pratap Sharma, son of Shri Suresh Chand Sharma, who shouted slogan from the Visitors' Gallery at about 11.30 hours today and whom the Director, Security took into custody immediately, has committed a grave offence and is guilty of the contempt of the House.

This House further resolves that in view of the regret expressed by him, he be let off with a stern warning on the rising of the House today."

*The motion was adopted.*

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

*[English]*

MR. DEPUTY-SPEAKER : We go to the next item of the List of today's Business, that is, regarding Regional Rural Banks (Amendment) Bill. Mr. Poojary to move the Bill.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): I beg to move:

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

Regional Rural Banks were first constituted by Government in October, 1975, under RRB Ordinance, 1975 which was later substituted by the Regional Rural Banks Act, 1976. They were conceived mainly as low cost institutions staffed by persons residing within the jurisdiction of the area of operation, namely, one or two districts for each RRB to ensure that in their functioning the RRB observed the utmost economy. At present, there are 196 Regional Rural Banks covering 357 districts in 23 States in the country. These banks have a network of about 13,000 branches. The RRBs have mobilized deposits amounting to Rs. 1763 crores and given loans aggregating Rs. 1866 crores. The total staff of RRBs comprise of 24,067 officers, 22,178 clerks and 631 subordinate staff as on 31.12.1986.

RRB Act contains various provisions regarding incorporation, regulation and working of RRBs. The present Bill seeks to make amendments to the main Act in the light of the experience gained in the administration of this Act during the last over 10 years. While commending the Bill for the consideration of the House I shall confine myself to explain some of the more important provisions contained in the Bill.

At present, in terms of Section 6 (1) of RRB Act, the issued capital of each RRB shall be Rs. 25 lakhs. In view of the growth in business, it is desirable that issued capital of Rs. 25 lakhs which was fixed more than 10 years ago should be revised upwards, and fixed at Rs. one crore for RRB. This will enable the RRB to meet additional expenditure on account of the opening of branches in remote rural areas, servicing large numbers of borrowal accounts and training of staff etc. Simultaneously, the authorised capital is also being increased from Rs. one crore at present to Rs. 5 crores.

The Board of Directors of a RRB consists of a Chairman and not more than 8 directors to be nominated by the Central Government, the State Government and the Sponsor Bank. It has been the practice to nominate two non-officials on the Board of each RRB, one from quota of the Central

[Shri Janardhana Poojary]

Government and the other from Sponsor Bank. The other directors are officials of the Sponsor Bank, the State Government and the Reserve Bank of India. In the interest of administrative simplicity, it is proposed that two non-officials may be nominated by the Central Government and the remaining six directors should be nominated by the Reserve Bank of India, NABARD. Sponsor Bank and the State Government according to the quota allotted to them

According to the provisions contained in Section II of the RRB Act, the Chairman of a RRB is appointed by the Central Government. He is normally an officer of the Middle Management level of the Sponsor Bank. It is proposed that the Chairman should be appointed by the Sponsor Bank in consultation with NABARD.

Till recently, in terms of Section 17 of the RRB Act the RRBs were recruiting their staff and officers. It has been considered necessary to entrust the functions relating to the recruitment of RRB staff to the existing Banking Service Recruitment Boards.

At present there is no provision in the RRB Act for the amalgamation of RRBs. Keeping in view the administrative convenience in regard to supervision and control over branches and without affecting the viability of the old and emerging units, it is proposed that there should be provision regarding amalgamation of smaller RRBs.

It is desirable that Sponsor Bank should take over the responsibility of periodical and internal audit of the RRBs by the Sponsor Bank. The Sponsor Bank should also monitor the progress of the RRBs by keeping a watch on important indicators relating to deployment of funds, staff ratio and advise their RRBs on suitable corrective action where needed. For this purpose, it is proposed to suitably arm the Sponsor Banks with statutory authority.

It is proposed to provide that the obligation of the Sponsor Bank to aid and assist RRB by training of personnel shall be without any time limit, the obligation of the

Sponsor Bank to provide for managerial and financial assistance shall be limited to the first five years of its functioning which period may be extended by the Central Government under certain circumstances; and recruitment of personnel by RRBs will not longer be the obligation of the Sponsor Banks.

Sir, there are certain other provisions of minor nature in this Bill which are mainly of procedural or consequential nature.

With these remarks, I commend the Bill to the House for consideration.

MR. DEPUTY-SPEAKER : Motion moved:

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

SHRI BASUDEB ACHARIA (Bankura): Sir, I move:

That the Bill further to amend the Regional Rural Banks Act, 1976, be referred to a Joint Committee of the House consisting of 15 members, 10 from this House, namely:—

- (1) Prof. Madhu Dandavate
- (2) Shri Dinesh Goswami
- (3) Smt. Geeta Mukherjee
- (4) Shri Janardhana Poojary
- (5) Shri C. Madhav Reddy
- (6) Shri Amar Royparadhan
- (7) Shri Piyus Tiraky
- (8) Shri K.P. Unnikrishnan
- (9) Dr. Sudhir Roy
- (10) Shri Basudeb Acharia  
and 5 from Rajya Sabha;

that in order to constitute a sitting of the Joint Committee the quorum shall be one third of the total number of member of the Joint Committee;

that the Committee shall make a report to this House by the first day of the Budget Session, 1988;

that in other respect the Rules of Procedure of this House relating to Parliamentary Committees shall apply with such variations and modifications as the Speaker may make; and

that this House do recommend to Rajya Sabha that Rajya Sabha do join the said Joint Committee and communicate to this House the names of 5 members to be appointed by Rajya Sabha to the Joint Committee.

18.00 hrs.

MR. DEPUTY-SPEAKER: Mr. Madhav Reddi, you can speak for just one minute.

SHRI C. MADHAV REDDI (Adilabad): Mr. Deputy-Speaker, Sir, I rise to extend my unqualified support for the Bill which is before us today. These Regional Rural Banks have come to acquire a very important place in the rural credit. Just now the Minister has pointed out that during the last 12 years, the rural banks had progressed considerably and established about 190 banks with a number of branches, may be about 13,000 or so. There is a very big

spread of these bank branches all over the country and they are serving the rural masses and rural folk during the last 12 years.

MR DEPUTY-SPEAKER: You will continue tomorrow. Shrimati Sheila Dikshit.

BUSINESS ADVISORY COMMITTEE

[English]

*Forty-fourth Report*

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRIMATI SHEILA DIKSHIT): I beg to present the 44th Report of the Business Advisory Committee.

MR. DEPUTY-SPEAKER: The House stands adjourned to re-assemble tomorrow at 11.00 a.m.

18.00 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, November 24, 1987/Agrahayana 3, 1909 (Saka)*