

the Government of India to import large quantities of sugar to meet the domestic requirements. Presently refined sugar is imported and distributed through marketing channels to the consumer. Instead of importing refined sugar if raw sugar of 96 per cent is imported (at two-third of the cost of refined sugar), it can be processed by the indigenous industry at reasonable cost. This policy will provide better capacity utilization to the industry and provide job opportunity to a large number of labour force. The proposal will also increase the Gross National Product of the country and at the same time conserve precious foreign exchange at the rate of Rs. 700 to Rs. 800 per tonne of sugar imported in the country. At the present import level of 10 lakh tonnes an estimated Rs. 70 to Rs. 80 crores of foreign exchange can be saved while providing jobs to thousands of workers.

A similar policy decision was also taken in the earlier years and the raw sugar was reprocessed to refined sugar by the sugar industry. Even now the factories are in a position to take up reprocessing job on behalf of Government of India at most competitive rates which will serve the interest of workers, Government, consumers and the industry simultaneously.

13.05 hrs.

**BANKING LAWS (AMENDMENT)  
 BILL**

[English]

MR. DEPUTY SPEAKER : We will now take up item No. 18.

THE MINISTER OF STATE IN THE  
 MINISTRY OF FINANCE (SHRI JANAR-  
 DHANA POOJARY) : Sir, I beg to move :

“That the Bill further to amend the Reserve Bank of India Act, 1934, the State Bank of India Act, 1955, the State Bank of India (Subsidiary Banks) Act, 1959, the Deposit Insurance and Credit Guarantee Corporation Act, 1961, the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, the Regional Rural Banks

Act, 1976, the Deposit Insurance Corporation (Amendment and Miscellaneous Provisions) Act, 1978, the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, the Export-Import Bank of India Act, 1981 and the National Bank for Agriculture and Rural Development Act, 1981, be taken into consideration.”

Mr. Deputy Speaker, Sir, the Government is seeking enactment of certain provisions through this Banking Laws (Amendment) Bill 1985 to provide for enlargement of the capital base of the nationalised banks. The Bill also seeks to amend a few other Acts to provide for uniformity in laying reports of the public sector banks on the Table of the two Houses as recommended by the Committee on Papers Laid on the Table of the Rajya Sabha. The name of United Commercial Bank is also proposed to be changed to UCO Bank to ensure that there is no confusion because of similarity of names between our Bank and a bank with similar nomenclature set up in Bangladesh. There are few other amendments to provide for a uniform term of office to Chairman of NABARD and Chairman and Managing Director, EXIM Bank on par with the chief executives of other banks and financial institutions. The statement of objects and reasons appended to the Bill explains the main provisions.

13.06 hrs.

[SHRI SHARAD DIGHE *in the Chair*]

The House is aware of the phenomenal expansion achieved by our banking system during the last 16 years or so. Its branch network has expanded from 8262 in June 1969 to 50,982 branches at the end of March 1985. The total quantum of deposits has increased from Rs. 4,646 crores in 1969 to Rs. 79,815 crores as on November, 22, 1985. Similarly, its advances have increased from a little less than Rs. 3,600 crores to over Rs. 51,827 crores over this period. Bulk of this expansion has been achieved by the public sector banks who have also taken upon themselves the responsibility of discharging socio-economic obligations of assisting priority sectors in an increasing measure. As the Hon. Members aware, these priority sector advances amounted to Rs. 18,691 crores in June 1985 accounting for

[Shri Janardhana Poojari]

41.3 per cent of the total outstanding advances of public sector banks.

In the context of these evergrowing operations, the capital base of the nationalised banks has remained relatively small. The Banking Companies (Acquisition and Transfer of Undertakings) Acts 1970 and 1980, as they stand today, provide for a paid up capital of maximum of Rs. 15 crores. This base is very inadequate compared to the size of deposits mobilised by these banks. In international markets, particularly, where published balance sheets are scrutinised for determining the credit worthiness of the institution and where the concept of government ownership does not have a bearing on the credit worthiness of the institution, having a respectable ratio of capital to deposits is considered essential. The present Bill, therefore, seeks revision of this ceiling upward to Rs. 100 crores. The Hon. Members would recall that the House had sanctioned in the last Session a sum of Rs. 400 crores by way of supplementary grants for enabling Government to increase the paid up capital of the nationalised banks appropriately.

4. The enlargement of the capital base would/also improve the profitability of the banks to some extent. There is no denying the fact that rapid expansion of the branch network coupled with increasing cost of operations and administered interest rate structure with built-in concessional treatment to smaller borrowers has had impact on the profitability of the banks. Being financial institutions, generation of internal revenues, not only to provide for operational costs but also to provide for adequate reserves, is absolutely essential for our nationalised banks. During the recent past concerted efforts have been devoted to this particular aspect. Measures like upward revision of interest rates on government securities, upward revision of interest rates on food credit, abolition of interest tax, higher interest on cash deposits with the RBI, streamlining of procedure for payment of interest dues to the banks and similar measures are likely to help improvement of banks to earn higher profits. Enlarged capital base is another such measure. Simultaneously with these measures, we have also

asked the banks to ensure that they effect all possible economy in their expenditure and secure an improvement in the productivity of their manpower.

5. Efforts are also being devoted to bring about an all round improvement in the operations of the banks. Improvement in customer service has received special attention. Hon'ble Members would be aware of the machinery that we have created for redressal of customer grievances. In the metropolitan centres and State capitals, centralised systems are being organised in the form of customer service centres. Internally, banks have organised systems for redressal of customers' grievances. Norms for disposal of routine work have been evolved and the banks have been asked to prominently display the same in their branches. Bank executives at all levels are endeavouring to increase contact with the people in pursuance of Government guidelines. Efforts are also being made to quicken the pace of disposal by selective mechanisation and computerisation in bank branches. Measures are being taken to improve the quality of management at all levels.

6. We have initiated the process of setting the house in order and some results of these efforts have started becoming visible. It would not, however, be realistic to expect that the process of re-establishing an order would be anything spectacular, but I am sure that the customers would be able to experience and see the improvements in the functioning of the banks shortly.

7. I commend the Banking Laws (Amendment) Bill, 1985 to the House for consideration and passing.

MR. CHAIRMAN : Motion moved.

"That the Bill further to amend the Reserve Bank of India Act, 1934, the State Bank of India Act, 1955, the State Bank of India (Subsidiary Banks) Act, 1959, the Deposit Insurance and Credit Guarantee Corporation Act, 1961, the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, the Regional Rural Banks, Act, 1976, the Deposit Insurance Corporation (Ame-

ndment and Miscellaneous Provisions) Act, 1978, the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, the Export-Import Bank of India Act, 1981 and the National Bank for Agriculture and Rural Development Act, 1981, be taken into consideration.”

SHRI C. MADHAV REDDI (Adilabad):  
Sir, I rise to make a few comments on this Banking Laws Bill which is, as a matter of fact, a combination of ten Bills. It is a pity that the Government has brought this Bill at a time when we hardly got two days. It was introduced yesterday and the copies were circulated to the Members only this morning. Many Members could not go through the provisions of the Bill, Though some of the Amendments are very simple. Yet several Amendments are far-reaching in nature, as the Hon. Minister has just now pointed out. Certainly we would like to study these proposals indepth, if sufficient time is made available. I also noticed that this Bill has not been referred to the Business Advisory Committee for allotment of time. No time has been allotted for debate to this Bill. I propose that there are ten Bills here, ten hours should be allotted for the consideration of this Bill. If the House agrees, otherwise I would request the Hon. Minister to postpone consideration of this Bill to the next Session, because there is no hurry, as I see, it about this Bill, it is not a very urgent measure which should be passed in a hurry in this Session itself. I noticed that the President's permission has been taken for introducing these financial Bills. It is okay, but the permission was received about ten days ago and the Bill has been brought before the House only yesterday. Secondly, the Speaker was kind enough to agree to the introduction of this Bill, dispensing with two days' notice. I notice further that not only this Bill, but another five Bills have been introduced with such a permission from the Speaker. I have no objection to the Speaker permitting the introduction of Bills without sufficient notice, as per the rules. But it should happen only in the case of 1 or 2 Bills, and not for so many Bills in one Session. I notice that for the Bill about customs tariff amendment and several other Bills which had been under the consideration of this House, Members could not file their

amendments; they had no time to study these Bills. In view of this, I am afraid that my comments are going to be only superficial, because I submit that I had not gone into depth and studied the various provisions of the Bill.

While commenting on this Bill, it comes to my mind that the debt-equity ratio for industries has recently been revised by Government of India under instructions from the Reserve Bank of India; I do not know for what reasons. I can only guess them. Previously the debt-equity ratio for industries for industrial finance was 2:1 i. e. 2 representing loan and 1 equity. This has been recently reduced to 1.5:1. In other wards, every entrepreneur has to invest today more than what he had to invest only a few months ago. This has upset the promotion of several industries, particularly in the medium sector where it is difficult for entrepreneurs to mobilize their own resources. This is causing a lot of hardship to the entrepreneurs. The argument seems to be that since the capital market is buoyant, money is available with the public because of various concessions and various liberalizations, and hence it would be possible for these companies to go to the public and mobilize more funds from the public, rather than raising loans from the institutions. It is a very laudable objective. But what are the impediments? We have to see the impediments before we know how it is causing hardships.

For any company going to public, several requirements are there. The main requirement is that unless the Public issue is underwritten by the financial institutions or by the brokers, the issue cannot go to the public. Now, for medium companies it is very difficult to get the under-writing facilities. As you know, there are the companies started by Tatas and Birlas other big business Houses, it is very easy for them because they are over-subscribed. It is not so with medium companies. It is very difficult for them to get under-writing facilities because no institution will come forward to under-write an issue of a company which has no name, which has no record of service, and is a new company. While I know that people want to subscribe to the public issues because they have got money, they cannot do

[Shri C. Madhav Reddy]

so because the companies are not coming before them, i. e. these companies public issue has not been under-written by the financial institutions or by the brokers. This is the difficulty. Because of this difficulty, it is not possible for them to raise more resources from the public or from themselves.

There is a very strong feeling among the entrepreneurs that this decision which has been taken by Government is really creating a lot of hardships to the entrepreneurs, and that this has to be remedied immediately.

Now I comes to the questions of credit guarantee scheme because in one of the Acts which is being amended today is the Credit Guarantee Corporation Bill. The credit guarantee System for small scale industries was in operation for quite some time. It is about fifteen years or so, or even more that this system had been introduced after the experts had gone to Japan and studied the credit guarantee system and its working in Japan and this was introduced partially in our country. This is available only to the small scale industries. How has it worked? What are the implications of the credit guarantee operations? What have been the problems confronted by the various financial institutions which have availed of this credit guarantee system these are the matters which have to be studied a little more carefully. To my knowledge this credit guarantee system has not been operating in this country very satisfactorily, for the simple reason that the Credit Guarantee Corporation, in which is a subsidiary of the Reserve Bank of India, and it is working almost like the Reserve Bank, it is the agency for providing credit guarantee to the financial institutions. Financial institutions and the banks which are giving term loans to the entrepreneurs are availing of this facility. All such loans are covered by the credit guarantee automatically. In spite of the fact that any other loan given to the entrepreneur as term loan is covered by the credit guarantee and the financial institution will not suffer any loss if the loan is not paid back by the entrepreneur, the institutions unfortunately, do not extend liberal financial assistance to the entrepreneurs. In spite of this scheme the institutions had been taking a lot of time in processing the loan applications. It has not liberalised their attitude

in processing these applications. Some time it takes years before the entrepreneur obtains the Sanction is paid the loan amount. This happens because the Credit Guarantee Corporation is a supervisory corporation of the R. B. I. It is not an institution separate from the Reserve Bank of India, not completely separated, though it is separate on paper, because it is a subsidiary of the Reserve Bank of India. In Japan, the Credit Guarantee organisation is an absolutely different organisation. It has nothing to do with the main bank of that country. Now because of this, what happens is that every application is scrutinised carefully, to see that it dose fulfill the conditions and after that they should recover the amount on time. In case of default, the guarantee is not invoked. It is invoked only after all the efforts are made to recover the loan. The loan remains unrecovered for several-years. It is only then that credit guarantee is invoked. Even though it is automatically available, it is generally not invoked by the institutions. by the financial corporations or by the commercial banks. For this reason the credit guarantee system is not operating as it should have operated.

Coming to the question of the loaning the hon. Minister was kind enough to give us figures about deposits and also the advances, the loans the banking institutions in the country have been paying to the customers, and also the customers' services.

In this connection, I would like to submit that there are two types of loans given to the small scale industries or major industries. One is the term loan for which the credit guarantee operates. Another is the working capital loan. It is a major portion of the loan and this working capital loan consists of various types of advances. In practice, many of the facilities of the working capital loans are being misused by the major houses, by the big industrial houses and by adventurous entrepreneurs.

Now, for example, the cash credit system which is available to the entrepreneurs is generally misused. And the Mandi type of loans, bill discounting facilities all these facilities are being misused some times, they do not have any stocks in the godowns, but the loan is given on the hypothecation basis,



or on the lock and key basis, or there is over-valuation of stocks and this is the reason why some accounts are irregular and the banks are suffering losses only in such type of loans. The present system of working capital loan facilities to the industrialists is to be reviewed very carefully in order to see that no adventurist entrepreneur misuses these facilities. On the floor of this House we have been discussing several cases of misuse of bank loans. I was surprised to know that much of this misuse pertains only to the working capital loans, because in the case of term loans given by the banking institutions, the machinery is hypothecated, land and building is mortgaged and the institution has sufficient margin. It is always easier for the financial institution to recover the loan. But in the case of the working capital loan where the values of goods are inflated, or in *mandi* type of loan or in discounting of Bills etc. much mischief is done. In several cases it was found that cheques were issued by the entrepreneur when there was no cash in his account. These cheques are purchased by the bank and they keep the cheques remain uncashed for two or three months. This facility is given to the entrepreneurs to help them to have liquidity. That way there has been a lot of aberration in the functioning of the cash credit systems in the country and all the banking institutions including commercial banks and nationalised banks follow this type of procedure. I am sorry, I cannot go into this aspect in detail. But I made only make a passing reference the Government should appoint a committee to go into the banking operations particularly the realm of cash credit and working capital loan in this country.

The Minister was mentioning about the customers service. Certainly the customers service has improved considerably of late. Yet there is much ground to be covered because I find that several small customers, pensioners and others who go to the banks are harassed. Sometimes, it takes quite a lot of time for them to encash their own cheques and to operate their accounts. It is one thing to say that the customers service is very good when people like us go and we are attended very well. We are not even required to go to the counters for getting cash. But that is not the customers service. I want that the smallest man who has to

withdraw only Rs. 5 from his account, should be immediately attended. That type of service should be our aim.

With these words, I support the Bill which is a welcome measure though I wished we had a more comprehensive Bill. Since this Bill has come, even now, at this stage, I request the Minister not to press for the passing of this Bill in this session. Let it partly be discussed now and then postpone consideration of this Bill.

[*Translation*]

DR. G. S. RAJHANS (Jhanjharpur) :  
 Mr. Chairman, Sir, I do not agree with the motion of my friend from the Opposition that this Bill should not be discussed, but this much I will submit that this Bill has been brought in a hurry because of which the Hon. Members have not been able to study it in depth. I, therefore, request that such Bills should be presented well in time so that the Hon. Members get time to study and consider the Bills in detail.

I would definitely like to submit two or three points on this Bill. Firstly, you have written in the Statement of Objects and Reasons :

[*English*]

“To bring the provisions including appointment and term of office of the Chairman, National Bank for Agriculture and Rural Development, on par with the provisions governing these matters in the case of Chief Executives of public sector banks and financial institutions.”

[*Translation*]

I feel that there was no particular need of this. Had there been separate terms and conditions it would not have made much difference because you have written here that :

[*English*]

“The Chairman and other directors shall be appointed by the Central Government in consultation with the

[Dr. G. S. Rajhans]

Reserve Bank : Provided that the Central Government shall also consult the Board with regard to any appointment (except appointment to the first Board) to the office of Managing Director."

[Translation]

Further, you have written that :

[English]

"Where the Central Government is satisfied in consultation with the Reserve Bank and the Board, that it is necessary so to do it may appoint one or more whole-time directors with such designations as may be deemed appropriate by that Government and any whole-time director so appointed shall also be a member of the Board."

[Translation]

I would submit that you let the Board merely consult. It was not that you wanted to take action only at the instance of the Board. It is not necessary that the term of the Chairman and Director should be 5 years. In my opinion 3 years' term is the best. The minimum period of the term is the best. The short period of tenure will increase efficiency accordingly. In big companies persons are appointed for a period of 3 years, because one feels that if one's performance is satisfactory, he could be re-appointed, otherwise one becomes carefree, because he thinks that nobody can dismiss him for a period of 5 years. I, therefore, suggest that they may be appointed for a period of only 3 years.

The second thing, which you have said is that you will change the name of United Commercial Bank as UCO Bank because Bangla Desh has set up a bank by such a name. Sir, it is a very strange thing. If Pakistan sets up a Punjab National Bank tomorrow, you will change the name of Punjab National Bank. If Sri Lanka sets up a State Bank tomorrow, you will change the name of State Bank also. The plea that

since Bangla Desh has set up such a bank, you will rename it as UCO Bank so that you do not experience any difficulty in its operations or in international affairs, is not at all justified. The persons dealing with banks fully know that the United Commercial Bank is also known as UCO Bank. In Delhi, everybody know this fact. At Parliament Street, if somebody asks you about it and you may put counter question to him whether he wants to go to P.N.B. or UCO Bank, he will immediately say that he has to go to UCO Bank. Therefore, the persons dealing with banks are fully aware that this bank is called UCO Bank also. So, in my opinion it will not make much difference.

I fail to understand the idea of bringing the Chairman, and Managing Director, Exports/Imports at par with other chief executives.

In the end, I would like to say one or two things more. The Hon. Minister has emphatically said that the Bill under discussion has been brought here in order to bring efficiency in the working of banks. Sir, on Saturday, when I was in Assam I read in "Sun-Mark" a newspaper published from Calcutta that some peon of a bank in Uttar Pradesh opened an account in the name of R. N. Gupta and he continued committing fraud on that bank for 6 long years. He continued to be in service there and withdraw lakhs of rupees from the bank where he was working as a peon. I cannot say crores of rupees, but he definitely withdrew lakhs of rupees. When a period of 5 to 6 years had passed and his standard of living continued to rise, somebody informed the C.B.I. and asked it to enquire if he was involved in smuggling activities. At this C.B.I. conducted enquiry and found that he was not involved in smuggling activities. Instead he had opened a fictitious account. He used to deposit money of other persons' accounts in that account and then he used to withdraw money by cheques from that forged account. In this way he was enjoying his life. He owned as many as four motor vehicles and four houses. He was simply a peon in the bank. He had been doing forgery with that bank for 6 long years and nobody came to know about it. Nobody bothered to see as to what is happening and you say that there is efficiency. During the course of enquiry,

no cash was found in his house. Only a little amount was found in the house of his sister. What action will you take against him ? At the most you will put him behind the bars. You cannot do more than that. To whom does this money belong ? It is our money, it is your money, it is the depositor's money. Still you say that there is efficiency in banks. For God's sake don't say like that. Don't say efficiency. Say deficiency. In the States, the state of affairs in banks is not good. Rather I would like to say that the state of affairs in banks is worse. There will be very few institutions in the country in which condition is as bad as that of banks. All the frauds are being committed at our cost. To say that performance of banks is very satisfactory is simply to mislead the people, because worse state of affairs is prevailing there. You go to a bank as an ordinary customer. You will continue to wait for hours together and the persons reaching there after you will be attended to first and you will not be attended to. The bank employees continue gossiping and they do not attend to the customer. I can say it with challenge and request the Hon. Minister to accompany me as an ordinary customer. I will show him the treatment meted out to customers in banks.

[English]

SHRI JANARDHANA POOJARI : I request the Hon. Member to hear my reply also. Please wait till then.

DR. G. S. RAJHANS : I shall wait for your reply.

[Translation]

I would like to say that efficiency in banks has gone down considerably. A large number of frauds are being committed in banks. You are saying that you will effect economy. You have introduced this Bill in order to effect economy in expenditure and man-power. But in my view, there is nothing in this entire Bill by which expenditure would be curtailed.

[English]

I shall wait here to be enlightened by the Hon. Minister as to the ways by which there will be more efficiency in the banks; also I

would like to hear how there will be economy in expenditure. I shall wait here to hear the reply of the Hon. Minister.

DR. SUDHIR ROY (Burdwan) : This Amending Bill has been placed before the Lok Sabha with a view to increase the paid up capital of the nationalised banks and to improve their profitability. Not only this. The service conditions of the chairman of some public sector banks have sought to be changed. Then one of the commercial banks is renamed as UCO Bank. But what is our experience about the functioning of the public sector banks ? We find that these banks extend credit facilities only to those men who are politically and economically influential. This is why huge loans are offered to people like Rajendra Sethia. But poor people, people belonging to low income groups, entrepreneurs or small scale and medium scale industries, are not receiving loans from the banks. My previous speaker has pointed out that customers have to wait for long hours in the banks. It is known to all that programmes like NREP, IRDP etc. have just fizzled out because of non-functioning of banks. During the last 2 or 3 years loan melas are being organised. Central Ministers are presiding over these loan melas and distribute the spoils to their party cadres because they are privately assured that they need not repay the loans. The bank officials must be sincere and they should try to help the poor and the needy people. But since there are so many frauds, people have lost trust in the banks. It is found that during first 9 months of the present year 1191 cases of fraud have taken place. The amounts cheated was Rs. 25.55 crores. This reply was given by the Minister himself on the floor of the House. Not only this. We also find that public sector banks often extend huge credit facilities to those industrial concerns which are declared sick. The owners of private industrial concerns siphon off capital to other establishments under their control. The bank officials in collusion with dishonest industrialists often defraud the banks. This practice should be stopped forthwith and dishonest bank officers should be brought to book. I find that already this year the number of employees about whom inquiries were conducted is 176.

Thirdly, I want to point out that of late in our country private chit fund agencies

[Dr. Sudhir Roy]

have grown like mushrooms and they hold out a rosy picture to ordinary people and in course of time these poor people are cheated. But the Government have done nothing to stop this practice. In Calcutta there was a chit fund agency known as Sanchaita, and the West Bengal Government requested the Union Government to take certain steps against the operators of this chit fund agency, namely, Sanchaita, but nothing was done. Therefore, I request the Minister to devise certain ways so that these chit fund agencies may be controlled because they are deceiving lakhs of people by luring them with as much as 48 per cent interest.

With these words, I conclude.

[*Translation*]

SHRI GIRDHARI LAL VYAS (Bhilwara): Mr. Chairman, Sir, I support the Banking Law Amendment Bill, 1985. A few days back, while speaking on the performance of Banks I had drawn the attention of the Hon. Minister to the fact that several times more money is recovered from small and marginal farmers and poor families in lieu of the amount of loans given to them by Banks. I hope that the Hon. Minister might be aware of it. The Punjab National Bank and many other nationalised banks advanced loans to poor people and recovered several times more money from them against that loan. In Punjab National Bank there are about 250 cases in which the individual was given loan of Rs. 3,000 for land purposes and an amount of Rs. 10 to 12 thousands was recovered against that loan. In this connection, law also exists in the States. The Civil Procedure Code provides that no institution can recover more than twice the money. Besides, the Act governing money-lending business also provides that not more than twice the money could be recovered. When asked about it, you had stated that there was no such provision in Banks. An assurance was given in the House for constituting a committee in this regard. I understand that you might have constituted that committee and some sort of decision might have been taken in order to prevent atrocities and injustice being meted out to small and poor farmers,

There is D.R.D.A. Committee in the district. I had also raised this matter there. The District Collector had written to the Punjab National Bank and the State Government has also written to you that amount should not be recovered from poor persons in such a manner.

The condition of farmers is becoming worse due to such a state of affairs. Whatever small land the poor farmers have is also being auctioned. They provide guarantee for that loan. But in spite of this, a large amount of money is being recovered from them by filing cases in civil courts. I had drawn your attention towards it and you had promised and assured that steps would be taken to stop it by constituting a committee for this purpose. But nothing has been done in this regard so far.

This provision should have been incorporated in this Bill. But it has not been done. The Hon. Minister might have got the information as to how atrocities are being committed against the small farmers and injustice being done to them in the country in the absence of such a provision. Not only this, even the amount of Rs. 5/- spent by the officials on serving a notice is debited to their accounts. The Bank officers go in a jeep to recover the loans from them and spend Rs. 500/- in the process. Even this amount is debited to the accounts of these poor people. Thus, the money spent on the luxuries of your officers is debited to the accounts of these poor people. Such type of injustice is being done to the poor farmers. Here our Prime Minister says that he is improving the financial condition of the poor people by providing them loans from financial institutions and there you see that instead of improving their lot, your Bank officers are looting them like anything and are committing atrocities and doing injustice to them. On the one hand, we talk of lifting them above the poverty line, and on the other hand, they are falling further below the poverty line. Therefore, you should take some effective steps to stop these doings of the banks so that these poor people are protected against these atrocities and injustice. Only then the work of lifting them above the poverty line under your 20 Point Programme would be done effectively. But I am sorry that no such provision has been incorporated in this Bill inspite of your

promise to this effect. In the absence of such a provision, these poor people, small and marginal farmers are suffering a lot. No effort in this direction has been made by the Central Government and the Ministry of Finance in spite of our repeated requests. Therefore, I am distressed to say that you should make some effective arrangement in this regard so that such an exorbitant interest is not recovered from these people. No institution should recover interest more than double the amount under any circumstances which is the law of the land too.

A great deal of highhandedness and corruption is seen in giving loans by the nationalised banks under the Self Employment Scheme of the Central Government. The one who is able to win over the Branch Manager manages to get loan irrespective of his being eligible therefor or not, irrespective of his application being genuine or not; but the genuine and needy person is driven away. No action, whatsoever, is taken on his application. If a complaint is made, pat comes the reply that the Bank Manager does not think it proper to sanction him a loan, because there is no guarantee of its being recovered. He has this big excuse. Therefore, the genuine and needy persons are deprived of this facility. You should also enact some legislation to improve upon this procedure so that they could get loan to earn a living and thus justice done to them.

Last time also I had said that you had formed a district level committee of bank officials under D.R.D.A. so that the complaint, if any, could be made to those officials. But you are aware that the complaints are made to the people's representatives and not to the bank officials and as such a people's representative should also have been nominated to this district level committee, but it has not been done so far. As a result of it, no action is taken against the bank officials at present. Last time, an assurance was also given in this regard. The Hon. Finance Minister, Shri Vishwanath Pratap Singh had stated in reply to a question that he would take steps in that regard, but in spite of that no action has been taken in this district level committee on banks. This should be done immediately so that action could be taken against the fraudulent acts, bunglings and dishonesty being committed

there. As a result of taking no action in the matter, the bank officers are at liberty to loot. There is no check on them.

Likewise, the I.R.D.P. is a big programme started by Government under which efforts are being made to lift the people above the poverty line. The banks advance loans under this programme to raise the standard of living of the people; subsidy is given to the Scheduled Castes and the Scheduled Tribes. But the situation there is not hidden from anybody. Complaints have been received from many places in this connection that the bank officials try to swindle this subsidy taking it to be charity funds. I had raised many such cases at district level and action against a score of officials was also taken, but it has become very common that no action is taken by the Department against those officials who indulge in bungling of money meant for subsidy to raise the standard of living of the poor. Therefore, my suggestion is that this system should be corrected so that the poor people could get loans properly and the programmes of Government aimed at lifting the people above the poverty line could be implemented properly.

It has been said here that there has been some change in the attitude of the bank officials since you took action, but I am compelled to say that though we fully believe in bank nationalisation, but no such fraudulent acts used to be committed when these banks were in the private sector. 200 crores of rupees were taken away from the London Branch, but no action was taken against them. Big people are taking money in an improper manner and no action is taken, whereas action is taken against the poor. Such discrimination is there. The big Chief Executives and other officers of the banks are hand in glove with the capitalists and they misuse the bank money the most. They are advancing the entire money to the capitalists.

I do agree that a large number of branches have been opened since the banks nationalisation, but the behaviour of the officials in the banks should also be good, the work relating to giving loans etc. should be well organised and the banks should fulfil the responsibility of bringing the people



[Shri Girdhari Lal Vyas]

above the poverty line by implementing those schemes properly. You have talked about frauds of Rs. 22 crores, but I understand that these frauds involve thousands of crores of rupees although very few cases come to light, because no action is taken on them. There is no provision for placing a report on such frauds before the Parliament and having discussion thereon in the House. If such a provision is made all these frauds and bunglings would come to light. If you want this system to improve, report on the working of the banks should come before the Parliament, only then it can be set right.

With these words, I support this entire Bill and hope that the Hon. Minister would pay attention to the points raised by me and would make a provision in the new law, if possible in this very legislation, to the effect that some justifiable measure is taken to protect the people from whom an exorbitant rate of interest is charged.

[*English*]

**SHRI V. S. KRISNA IYER** (Bangalore South) : Mr. Chairman, Sir, I wish to make a few observations on the Banking Laws (Amendment) Bill which has been brought forward by the Hon. Minister.

At the outset I must express my displeasure at the way in which important legislations are brought forward before this House. For the last three days we have been observing that, one after another, very important Bills involving crores of rupees are being passed in this House without giving sufficient opportunity to the Members not only to prepare but also to make their valuable contributions in this House. It should be the responsibility of the Speaker or the Chairman to see that such things do not recur in future.

So far as the provisions of this Bill are concerned, I have no objection; many of them are welcome. But I oppose the way in which this Bill has been brought forward. I consider the banks as the trustees of the public money. Amendments to banking laws are being brought forward before this House by the Government very frequently. In 1983, they brought a set of amendments and now again another ten amendments are being brought in one Bill.

In this connection I would like to point out that in a day or two the Government will be announcing its long-term fiscal policy, and I would like to know from the Hon. Minister whether that has been kept in view while bringing forward these amendments because they must serve the purpose for which they are being brought.

With regard to the amendments, I really welcome the first amendment with regard to implementing the recommendations of the Committee on Papers Laid on the Table of Rajya Sabha regarding laying of Auditors' Report and Annual Report of the public sector banks and financial institutions on the Table of the two Houses. It is a good thing. Though I am a new Member to this House, from the records I find that the Members of this House have been demanding that the banks should be accountable to this House. Government has taken a right step in this direction, and I welcome this.

As I have said already, the banks are the trustees of the public money. Why were the bank nationalised in 1969? When the erstwhile Prime Minister late Shrimati Indira Gandhi nationalised the banks, everybody thought that there would be social justice. But I am very sorry to say that this is not happening. The Hon. Members of even the ruling Party have spoken this. It is for the Hon. Minister to say in his reply how far this purpose has been served. So far as my knowledge goes, I am very sorry to say that the purpose for which these banks have been nationalised has not been served. May I know whether the poor and the deserving and needy people are getting loans from the banks easily? May I know whether the banks are functioning effectively and efficiently?

13.59 hrs.

[MR. DEPUTY SPEAKER *in the Chair*]

Is there no fraud taking place in the nationalised banks? Is there no cheating taking place in the nationalised banks? Not a day passes without a report appearing in the press that there has been a fraud or a robbery in a nationalised bank. That has become the order of the day. In this connection I would ask the Government as to what is the percentage of money that they have earmarked for the poor and the needy. Are not the monopoly houses getting the chunk of the

public money from these nationalised banks? I know, the Hon. Minister, Shri Janardhana Poojary, is really dedicated and hard-working; I am aware of that. He belongs to my State...

SHRI NARAYAN CHOUBEY (Midnapore) : That is why he is dedicated !  
*(Interruptions)*

SHRI V. S. KRISHNA IYER : Let me complete.

MR. DEPUTY SPEAKER : He is seeing his performance in his State. That is why he is saying.

SHRI V. S. KRISHNA IYER : I will come to that argument later. I don't doubt or suspect his bona fides.

In one of the reports of 1983, I find that about 614 industries were given loans and each industry took a loan of more than one crore rupees. The outstanding as on that date in the year 1983 was Rs. 1913 crores. Most of them are noted on the sick list. As I have already said, even now the monopoly houses are knocking away a chunk of the banks' money.

Whereas when the poor people go to the banks even for a few hundreds, a number of hurdles are placed before them. It is not easy for them to get the loan. Of course, in males they get. Otherwise for ordinary citizens it is impossible to get the loan. In spite of the nationalisation it is not serving the social purpose. It is because of the policy of the Government.

These nationalised banks work under the direction of the Government. What happened in Sethia case? It was discussed in this House also. He has swindled nearly hundred crores of rupees from three nationalised banks. Do you think that the Chairmen of these Banks have given loans on their own? I don't think so. I am sure, there must be some pressure from somewhere. It is for the Minister to say from where those pressures came. But hundreds of crores of rupees are swindled.

Similarly when we see frauds, even the private banks are doing it. We have discussed in this House how the Lakshmi Bank and the Cochin Bank cheated the public. Now the RBI appoints the Directors for all the Banks. Of course, for Nationalised Banks, Government does that. For the private banks the RBI appoints the directors. What are these Directors doing in the Board meetings? Do they have any idea of what is going on in the banks? Are they not going to scrutinise the accounts of the banks? What is the purpose of deputing these directors in these banks? It is with the idea to see that they function efficiently and honestly. But only when the entire share capital and deposits are eroded, the Bank Directors, the representatives of the RBI, open their eyes. That is how it happens.

Even in the case of Sethia it happened. In Lakshmi Bank case also it has happened. If only the RBI representatives were alert, this would not have happened. It is their duty to see that the banks are functioning according to the rules.

Crores of rupees are given as advance by some of the banks even without proper security. They don't even care to see whether security is there. Even today in a number of nationalised banks, let alone private banks, Benami transactions are taking place. It is going on even today.

I must say with pain that inspite of the efforts of the Minister, the image of the banks have not improved. Some Hon. Members have said that it is at the lowest ebb. It is not an exaggeration. The Hon. Minister, in his introductory remarks stated that the Government is taking all the steps to improve the functioning of the banks. That statement is correct. But don't be satisfied with the present state of affairs in the nationalised banks.

Sir, many Hon. Members of this House are working in the cooperative sector. These are veteran cooperators in this House. I am also a humble cooperator. Sir, I say that the urban cooperative banks are doing exceedingly well—at least in the Southern States. In Karnataka alone out of 250 banks except half a dozen the rest of the banks are all paying maximum dividend permissible to the share-holders. It is because these banks are

[Shri V. S. Krishna Iyer]

manned by honorary workers. It is on account of their honesty. I want the same honesty to come in the nationalised and other private banks. Particularly when you appoint a top executive to the nationalised bank or private bank you see that the person whom you are going to appoint is a person of proven integrity. At the same time I would urge the Hon. Minister to see that the urban cooperatives are given all encouragement and even more encouragement. It is very easy for the lowest of the low to approach the cooperative banks and take a loan but after seeing a big building of the commercial bank like Canara Bank he dares not enter that building.

Finally, so far as 'loan meals' are concerned nobody will object to the principle of giving loans but what we want to suggest is that it should not be politicised. While replying to one my questions in the previous Session the Hon. Minister assured that MPs will be involved in this process, the way in which the beneficiaries are selected. Sir, very recently a 'loan mela' was held in my constituency. I was sent a letter to come there. I did not go there. The Hon. Minister made a reference to my presence. But I did not expect an invitation. What I wanted was that I must be involved in it. Please specify the norms and guidelines how the beneficiaries are to be selected. You must have some norms. It should not be haphazard.

Lastly with regard to recruitment, please see that while recruiting at the lower level the local people should be given preference because it is they who are in touch with the public there.

**SHRI NARAYAN CHOUBEY** (Midnapore): Mr. Deputy Speaker, Sir, I beg to submit that two of our Ministers of this Department, namely, Shri Vishwanath Pratap Singh and Shri Janardhana Poojary are trying to do their work with dedication. This is amply evident. They are working hard. It is amply evident. But where will it lead us to? Sir, after all it is a capitalist system where they are working very hard. Even today's press report says that there were many raids and searches in the houses of many officers. It is a good thing that they

have done. After all, tamarind grows in tamarind trees. You cannot go and get mangoes in tamarind trees. You work hard. But you will have only tamarind. I have got three or four small conservations to make.

Sir, the deserving candidates are not getting loans from the banks. The deserving people are facing a lot of difficulties in getting loans. I have brought to the notice of the Minister one particular case. I think he has got it. If the small and deserving people like cobblers, bullock-cart drivers are to catch hold of the Members of Parliament and bring their difficulties to the notice of the Minister, then to get loan by a common persons is next to impossibility. It is very difficult for them to approach the MPs. Recently, the Indian Bank at Kharagpur did not sanction loan to a cobbler. I had to bring his case to the notice of the authority and got the loan for him. But there is no punishment given to the erring official in the Bank.

Sir, undeserving persons get loan from the banks. I brought this fact also to the notice of the authorities. The corrupt people in the villages and towns join the corrupt people in the Banks and then lakhs and lakhs of rupees are doled out to many undeserving persons and those loans are never recovered. I have brought such cases happening in Punjab and Sind Bank at Kharagpur, not once but thrice to the notice of the authorities and the Police in West Bengal approached the banking officers. But the bank authorities did not take any action against those people and they are still continuing their business. That means they are entering false names and in their names the loan is granted. Everybody knows in the towns and the villages what the bank officers are doing. Therefore, I submit that if one Sethia has been brought to light, that is not enough. There are hundreds of Sethias all over the country. I would therefore request the Hon. Minister that he should take note of these things and see necessary action is taken in this regard.

Then, Sir, a few months back, in the constituency of Shrimati Geeta Mukherjee, there was a bank mela and recently also there was another bank mela in Jalpaiguri. I would like to know whether in such bank melas, the local MLAs the MPs and the

Panehayat Board Members are also involved. Perhaps they were informing them previously. Now, again there are bank melas and I would like to know whether the MPs and MLAs are associated in the 'melas'. In one of the recent melas held, a large number of Youth Congress members attended the 'mela'. I think it is a pre-arranged mela. Anyway, I would request the Hon. Minister to see that the loan is given to the genuine people and it is not given to those who will not pay back the money. Moreover, you should see that there should not be any political motives while sanctioning the loan. I am apprehending that the political motives are working in this and it should be stopped. I suggest that in future, in such schemes as NREP, IRDP, etc. at the village levels, small loans amounting to Rs. 2000 or Rs. 5000 or Rs. 10,000, MPs will have to be involved and this procedure should be followed without fail so that everything is not left the bureaucrat in the bank. This is my another submission.

As already pointed out, the way these banks function, has been amply proved by the amount of money locked in the sick units. It is several thousands of crores of rupees. On the other hand, the poor agricultural labour or the farmer cannot get a loan of Rs. 5000. I think, the amount locked in the sick units is going to be nearly Rs. 3000 crores. How are you going to recover it from the owners of the sick units ?

Then, about the customer service. I think, the Minister has already taken note of it as to how the customers are being treated by the banks. It came in the press also that he has taken a serious note of it and has dealt severely with some of the officials who did not behave properly with the customers. We are for nationalization of the banks and against privatization, but there are forces which are advocating privatization on some pretexts. It is all the more necessary that the nationalised banks should give better service to the people. As I said, some of the people in the banks misbehave with the customers. If a man goes to the bank with a sum of Rs. one lakh for depositing the same and if he does not have hundred-rupees notes and has ten-rupee or five-rupee notes, most of the banks refuse to accept it. Only after some noise is made or the matter is reported to the

higher authorities, they accept it. Today, our country is full of soiled notes. Thanks to the efficiency of the 'clean' Government that works. I think, you cannot have a one-rupee or two-rupee note which is not soiled. Though we have become self-sufficient in food, thanks to our efficiency that we are not able to produce the requisite number of small coins in our country. Today, we are getting small coins of 25-paise or 50-paise made in UK, Canada or other places. What for are our mints meant ? In such a situation, if a person goes to the bank with soiled note and the bank refuses to accept the same, you can kindly understand the difficulty to which the customer is put.

Further, our Government is importing and installing computers in many banks. I agree that the All India Bank Employees Union had entered into some agreement in 1983, but that was for selected use of computers. The way the Government has become made and crazy for installation of computers at all places, it is ultimately going to affect the Indian economy. In our economy not only how you run the bank is a factor, not only how you give the loans is a factor, the problem of unemployment is also a very big factor. If you make use of the computers, the men today working in the banks would not be retrenched, but the potential employment in the banks would be the victim of this method. We are now going to another the 21st century and we have already about 3.75 million people who are unemployed and are on the live register of the employment exchanges. Should we enter the 21st century with still a larger number of unemployed youth ? I would, therefore, impress upon the Minister not to make indiscriminate use of computers in the banks.

Lastly, I know you are working very hard. But try to introduce work culture and job culture among the bank employees. Bank employees have their demands and we support their demands. If you do not accept their reasonable demands and do not redress their grievances, we are for the bank employees. We shall also impress upon you to accept their genuine demands. But then Sir, you should introduce some sort of work culture. Since you are working hard and Shri Vishwanath Pratap Singh is working hard, you should see to it that work culture is introduced in the banks so that a large

[Shri Narayan Chaubey]

portion of the higher-ups in the banks do not link themselves up with the big monopoly houses and industrial houses and big businessmen and do harm to the common people. Today, a commonman does not dare to enter a bank. He may perhaps meet you, but he does not dare to meet the bankmanager, because of their awful behaviour towards the common people. About 50 per cent of our people are below the poverty line and this year you are going to be something for them through your 20 Point Programme, which is not at all sufficient for our country. Even then Sir, you see to it that when the common people meet these officers and bureaucrats, they would not misbehave with these poor people. These bank officials should inculcate a work culture, to work for the poor and not merely for the officers and the Ministers. With these words, I thank you.

[Translation]

**SHRI C. JANGA REDDY** (Hanamkonda) : Mr. Deputy Speaker, Sir, I have to say a few words about the Rural Banks. Today, the number of Rural Banks in the country is increasing. A few days back, the Rural Bank Employees Union picketed at the residence of the Finance Minister. Their demand was that they should be given pay and other facilities at par with their counterparts in the nationalised banks. You will have to accept their demands. Since we live in rural area, we know more about the Rural Banks.

Today, you give crores of rupees for setting up an industry. I shall give you the example of A. P. Rayons Industry in our Warangal district. You have waived interest amounting to Rs. 16 crores for them.

**SHRI NARAYAN CHAUBEY** : Why did they waive it ?

**SHRI C. JANGA REDDY** : That industry was on the brink of closure due to sickness. You resort to beating to recover the money from a farmer. You recover it forcibly. Today you give loan to a farmer for digging up a well. Unfortunately, if stone strikes during the digging or if water is not struck, he has to sustain a huge loss. He is forced to mortgage his land and even the

*mangalasutra* of his wife to repay the bank loan.

Today, you calculate interest quarterly. It is called 'Chakravaddi' in Telugu and 'Compound Interest' in English. You will have to examine it. When you organise loan *melas* in the villages, you issue chits which is nothing but the loan sanction letter. But even 50 per cent of the amount sanctioned in the sanction letter is not being given to the farmers. They are told that there is not being security. What project report is needed for a bullock cart ? They say that you bring the project report. What project report will he produce for a bullock-cart ? They ask for project report for digging up a well. How much water flows out of the well, what crop do you raise, all these questions are asked. They will raise a crop which fetches them good price in the market. If this year our farmers sow cotton and if they get low price of cotton, they will grow groundnut next year. They ask, tell us what crop do you raise. We have Syndicate Bank in our State. It does adopt villages, but it is not in a position to provide assistance even to five persons. Why ? It is because we have decided that loans in rural area, whether it is to a farmer or somebody else, should not exceed 10 per cent of the capital. Where does the remaining 90 per cent amount go ? This we give to big industrialists, five star and three star hotels. Why ? Because we can stay there in that building. We can effect recovery by selling out that building. There are no buyers of farmer's land today. Due to the political policy of this country, the price of farmer's land is falling day by day. No one is prepared to buy land, but they are prepared to buy a Delhi hotel.

You give Rs. one lakh for buying an Ambassador car, 3 lakhs for a lorry. I want to tell you that if you go to the villages you would not find the total loan more than Rs. 3 lakhs there. You developed rural banks for the rural economy. They are large in number, but the pay of the employee there is low. Its transaction during the year is two to three lakh rupees. You just ask them is to how many people do they provide loan; they will say—to 20 people. How much ? 7,000 rupees. They have given loan amounting to Rs. 7,000 to 20 persons. The break-up of this amount of Rs. 7000 is Rs.



500 to one person for a bicycle, another Rs. 500 for a sewing machine and some other loans of small amount. This is the situation in rural banks. You have opened rural banks for the upliftment of the rural people, but they do not get loan there. Even for small industries, they do not get loans. Carpenters do not get loan. You arrange loans from Coffee Board and from other institutions, but the condition of the rural people is deteriorating day by day. The reason for this is that the position of the rural development banks is not good. Had they been in good position, the number of rural people would not have gone down.

You see the Gramodaya Programme, Village Industries Development Programme. Under these programmes you are giving assistance for small industries. I have received a letter which I forgot to bring with me. The institutions which provide assistance have your representatives also who select the persons to whom the assistance is to be given. One person was selected, but he was not provided loan. He wrote a letter to me. I asked why that person was not provided with loan? Day before yesterday I received the reply stating that though they wanted to give him loan, but as his brother was employed, he was not given loan. Why was he selected then? They ask: "Is an M. P. bigger than us? Do we attach any importance to his letter?" I asked them if the brother is there, what is the hindrance for sister? Sister will go to another family after marriage. I have not got the reply to this so far. I can give you more of such examples. The Gramodaya Scheme, meant for the rural development, is dependent on banks. Bank people are not providing loans to them. Your employees are not keeping pace with you. They are retreating. They say, what can they do; they are unable to collect money from the rural people.

You see one thing. How much of country's money is being invested in the villages and how much is being invested in urban industries. Not even 10 to 20 per cent is being utilised for improving the lot of the farmers or is being invested in agriculture or agricultural industries. Therefore, if a loan is given for sinking a well and if the water is not found where the well is sunk, then the loan should be written off. The farmer puts fertilisers in his field, sows good variety of

seeds in time, but due to non-availability of water in time his crop withers away. Even then you recover money from him. Insurance facility should be available for that. In this way, you should take some concrete steps for rural development. Only then rural development will take place. Merely paying two or three thousand rupees to them will not bring development. The effort should be made to set up more industries in those areas. The industries you are setting up or for which you are providing funds should be agriculture based productive industries. You are providing fund to the urban industries because of which the rural population is shifting to urban areas. That is why the population in cities is increasing and the people do not get houses there to live in. They are living in very small houses in the cities. I therefore, request that the capital with rural banks should be increased and their staff should be given the same salaries as are being given to the commercial bank employees. You are aware that their branch managers are paid an amount equal to the pay of B. D. O. In Uttar Pradesh it is Rs. 1000/- and in Andhra Pradesh it is Rs. 1400/-. It is different in other places. Therefore, in rural banks also salaries should be equal to those of the employees of the commercial banks.

One more thing I would like to submit. The Ministers always use cars. We use autorickshaws. Recently I had been to Bombay and also to Madras. In whichever hotel you go, they will hand you over a chit. They will say they do not have any change, take this chit. In Bombay the cabman will give you a chit. In Delhi also chits are handed over on the plea that there is no change. This means that you never make surprise checks. If someone needs change of Rs. 100/- for marriage purpose, he requires a letter from an M. P. to get that. Why such a situation is prevailing, I fail to understand? Now a days parallel financial governments are being run in big cities like Delhi, Calcutta, Madras etc. That is why all this is happening. Nowadays if you travel in some bus or tempo and hand over a ten rupee note, he will say that he has no change for that. He will ask you to give one rupee coin or currency note. There is an urgent need to remove this difficulty.

SHRI KALI PRASAD PANDEY (Gopalganj) : Mr. Deputy Speaker, Sir, I support the Bill brought forward by Shri Poojary in

[Shri Kali Prasad Pandey]

connection with banking loan amendment. The general public of the country has faith in the capacity of Shri Poojary, but the question is whether the rural banks in the country are really meant for the poor? Is not really the money available in the banks of the country meant for giving loans to the big industrialists? Are these banks not serving only these people?

So far as rural banks are concerned, you will recall that in this very House, keeping in view the difficulties of the people, I had felt very strongly and said that if my charges were proved false, I would resign the Membership of the House? Shri Poojary respecting our feelings had given the assurance in this House that he will definitely get the allegations looked into. On 3rd I had spoken here and on 13th a question had come up here in the House against the same bank manager. Unfortunately, the question was not a starred one, it was an unstarred question. In the reply, all my charges had been found correct and that the man had been suspended. I want to say that unless Shri Poojary evolves a system that in the case of all the bank managers, whether they belong to the State Bank or any rural bank, an investigation should be made as to what was their financial position before joining the service and as to how they have earned lakhs of rupees within a year of joining the service, nothing is going to improve. You have suspended the bank manager in Gopalganj, this has been stated in the reply, but what will happen to Rs 50 lakhs which has been looted from the bank? You gave a notification that you will go there on 14th. That information I had also got. By going there, one comes to know as to what the Government will do. At the most he will be jailed, but he has earned so much that he will get released. Action should be taken against those bank managers of the rural banks against whom charges are proved. I want to tell you that before joining the service, he had not a single bigha of land, but today they have 25 or 50 bighas of land. Rural bank managers are openly filling their own coffers instead of improving the plight of the villagers. The mainstay of the 20-Point Programme of Indiraji is to improve the living standard of the poor through rural banks, but now the feelings among the people

is that one day rural banks will lead them to disaster. The reason is that in the name of rural poor Batkutti rural bank manager is withdrawing thousands of rupees by forged signatures. When the situation will take the shape of an agitation, the notices will be served by the bank to those people who have not taken a single paisa from the bank, then this movement will not help in the implementation of the Shrimati Indira Gandhi's 20 Point Programme; the programme will definitely be defeated. When I was an MLA in Bihar, the Finance Minister Shri Pranab Mukherjee had given an assurance in this House that Panchrukhi Distillery had been provided one crore of rupees and it will start working soon, but that factory has not started functioning till date. Its loan has also been written off, but the factory is not visible anywhere. In the name of sick mills the feeling is growing to obtain loan and to divert it to other industries. I, therefore, request you to make arrangements that the conspiracy to loot the banks of India is thwarted. You should keep a strict watch on the financial position of the employees after joining their service.

So far as the question of banks in the districts are concerned, why don't you include one M.P. in the bank committee who may look into the problems prevailing there so that your burden is somewhat lessened. The M.P. will have to be given at least this right that he may look into the corruption and misappropriation charges. In the rural banks you can include an M.P. as member of the Board who may evaluate the functioning of the bank.

With these words, I would like to submit that it has become difficult for me to go to Gopalganj area. Whenever I go there, many people with petitions about the bunglings in Batkutti bank come to me. They say that the manager has withdrawn lakhs of rupees in their names. In spite of the charges having been proved, he has not been arrested. If you arrest even one such manager, it will prove deterrent for other managers. You may get the charges against Batkutti bank investigated through CBI and if the charges are proved to be false, I will not remain the Member of the House even for a single minute.

[English]

SHRI JANARADHANA POOJARY : I

am grateful to the Hon. Members for making their contribution in the debate on this Bill. It will be very helpful to the Government for taking further action. I appreciate the spirit in which the Hon. Members have placed their arguments before the House. When the Hon. Members made the point that there was lot of scope for improvement in the working of the banks and that they were not at all satisfied, I also agree with their contention. We are not satisfied with the working of the banks.

As the Hon. Members know, we are amending ten Acts and the purpose of the amendment has been clearly spelt out in the Statement of Objects and Reasons. I have also touched upon this point in my introductory speech. So I do not want to repeat those points which have already been covered.

Coming to the banking service to the people, I fully agree with the Hon. Members when they say that the expected service is not available to the poor people. Dr. Rajhans has invited me to accompany him to some of the branches of the banks. I may inform him that I had visited more than 200 branches incognito throughout the country. I also highlighted the deficiencies that were found in the banking sector. Perhaps, the Hon. Member is not aware of this fact that I had to face resistance and opposition from bank employees. As the Hon. Members are aware, I have informed the House a number of times about the steps that have been taken.

I am very happy to see today that all the sections of the House have said with one voice that there should be stern action against those employees who are not coming upto the expectations of the people of this country. I am also very happy to note that all the Hon. Members felt the need for improvement in this regard. I am also glad to note that the Hon. Members have expressed their concern about the plight of the weaker sections. I assure the House that action has been taken and action would be taken. Hon. Members from West Bengal and eastern region may perhaps know what had happened in the meeting of the customers service in Calcutta. When I took action there was a lot of resistance which came in the press also.

But we are not going to be scared by these threats and we are going to take action.

I was very glad to here Shri Narayan Choubey that there should be change in the work culture. When I heard him I was very happy to know that here is a man who wants to do something for the nation and for the down-trodden people of the country. I was very glad to know the points made by Shri V. S. Krishna Iyer and by Shri G. S. Rajhans. Something has to be done to see that there is a sense of commitment and dedication which is very much lacking. I am sorry to say that there are militant unions which are not for the service to be given to the people.

SHRI BASUDEB ACHARIA : Do not blame the Unions always.

SHRI JANARDHANA POOJARY : I fully agree with the Hon. Member that all the bank Officers are not bad.

SHRI BASUDEB ACHARIA : There may be some black-sheep.

SHRI JANARDHANA POOJARY : Yes. I may bring to the notice of the Hon. Members that for the last 25 years some of the Union leaders have not raised their pen or even made entry in the book. How can they give leadership in the matter of improvement of service to their Union Members? This factor we have to take into consideration. We are not blaming only the Union leaders. There are some other people also in the banking sector who are bringing bad name to the entire banking system. Those black-sheep should be identified and taken to task. For that your cooperation is required. As I stated earlier, we on our part would not hesitate in taking action. Already assessment of their work has begun. Their dishonesty, inefficiency, lethargy is being assessed and information about the action that we take will be given to the Parliament.

When discussion on the Supplementary Demands was going on, we had stated that action will be taken against the erring income-tax, customs and excise people. Today you know what has happened. Our commitment is also there that we are going to fight

[Shri Janardhana Poojari]

against the black-money. From what we are doing, you can assess whether we are moving forward or not. Here, I may again repeat that with the cooperation of the House we can deliver the goods to the people. I do not think that it will be a big task if your co-operation is forthcoming.

I do appreciate the national spirit with which you are expressing your concern, particularly for the weaker sections.

The Hon. Member Shri Vyas has made a point saying that there was more recovery from certain people. We have been looking into it. If the Hon. Member ventures to give some specific instances, it will help me to take action in these matters. If he brings out the names of the people who have been aggrieved and if he gives me some more particulars, which are in his possession, then I may be in a position to give better performance.

The Hon. Member, Shri Pandey from Bihar had made this point earlier also and we have already moved in that direction. Here also I may request him, if he gives some more particulars which are within his knowledge, it will be helpful to us to take action. There also, I can assure the Hon. Member that we will not be lagging behind and will take more steps. But your co-operation in regard to the details of the cases is also required.

Several Hon. Members have made points asking why this Bill has been rushed in. In the supplementary Budget, as you are aware, a provision was made to the tune of Rs. 400 crores for widening the capital base. So far as the business of the banks in the country is concerned, it is operated by the nationalised banks which are under the Government of India. So, the people are not looking into the debt-equity ratio, but the people outside India, the International banks, and also the investors outside India look into the debt-equity ratio. They look into both our deposits as well as the equity ratio. It is required that we have to widen the capital base. For that purpose we have already made a provision of Rs. 400 crores. Now we distributed

to the tune of Rs. 147 crores, among these nationalised banks. So far as Rs. 253 crores balance is concerned, we have to come before the House for their approval, because, unless we raise the ceiling so far as the capital base is concerned, we are not in a position to do that. We are going to raise the profitability of the banks also. We have given strict instructions. For the benefit of Dr. Rajhans I can say that in one year alone, that is, 1982-83, what happened was this. I went to some of the branches. In one year we have been able to save Rs. 16.85 crores in the form of overtime. We have not stopped overtime. But to that extent we are able to save for the country. The customer service should be improved as stated by some of the Hon. Members particularly the service to the weaker sections. I fully appreciate the point by Shri V. S. Krishna Iyer. He said that after seeing the atmosphere in the branches and their work culture the poor people are not in a position to enter the bank premises. It is true. I agree with him there also. We are trying to see that the atmosphere should be changed. What is happening I will tell you. I saw it with my own eyes. I saw it in a particular branch in the country. I don't want to mention the name of the branch. I tell you that one poor man entered the bank premises. At the gate or at the entrance I was there *in cognito*. The Bank Officer said, no, no; loan is over. You can go out. Thereafter that man said, no, I have come for something else. They have not allowed him to speak also. They asked him to go from their premises. Then in fact I went and I asked him, why you have come. Then he said Sir, I came here to repay the amount. He did not come there to ask for any loan; he has come to pay the amount. So, that atmosphere is not there, that heart to help him is not there. We are trying to do this. In this way we can help those sections which have been neglected for centuries. Also I want to make one thing clear. All the bank managers and officers are not bad. I went to Tadparti in Andhra Pradesh. There was one loan function and there was another function; I did not go to loan function. There was another function to facilitate the Bank Manager and I found that all the people of the surrounding villages had come there to attend the meeting. They were dancing with their small children also. More than 25,000 people were there. They have not come for the

sake of Poojary or for the Congress party. I asked them. They said, these are the two managers who used to come to our house in the evening and even on Sundays and Saturdays; they used to sit along with us in the courtyard and used to help us in our economic activities. Whenever there was some shortfall they used to give second does also. And for information of the House I can tell you that the recovery in those two branches was very good. 100 per cent recovery was there from the weaker sections. That is the kind of performance there. We want bank managers and officers of that spirit. Such people are required today in the country—persons who have got the will to help the weaker sections. Then only we can deliver the goods. For that purpose the efforts are being made and so far as the loans and other things are concerned, I have already today told you during my reply to the last budget debate, and here I thank the Hon. Members once again for their very good....

DR. V. VENKATESH : What about local M. Ps. ?

DR. SUDHIR ROY : What about chit fund agencies ?

SHRI JANARDHANA POOJARY : About the local M. Ps., I have already stated that even in the case of Shri V. S. Krishna Iyer, I made an enquiry and I have been told that he has been invited by bank people....

DR. V. VENKATESH : Just inviting is not going to solve the problem.

SHRI JANARDHANA POOJARY : Mr. V. S. Krishna Iyer has written a letter to me saying that some of the people on whose behalf he has submitted the applications could not get the loans. Immediately I contacted the Chairman, I told him personally that Mr. Krishna Iyer should be contacted and their applications should be processed. In such cases also we are asking the M. Ps. to involve themselves. As I have stated, the application could be given by any person—not only M.Ps. and M.L.As., but even the press people or even an ordinary person also can do it. If in your locality you are the educated person and you are sur-

rounded by the poor people who do not know how to submit an application, you can help them by doing it. Even an officer or any individual or a citizen of the country, if he knows how to fill on the form and help the people....

DR. V. VENKATESH : Even otherwise we are doing that. Our point is....

*(Interruptions)*

SHRI JANARDHANA POOJARY : He can submit the application. Wherever there was a request, I asked the bank people to take action immediately, but at the same time I want to make it very clear that it is for you, M.Ps. and M.L.As. to submit the applications. It is your constituency and there you have to get the applications and you have to submit them. When Poojary comes, it is the duty of all the M.L.As. and M.Ps. to bring to his notice the deficiencies that they find in the working. They should not expect that Poojary should go to all the 22 States and also 9 Union Territories. There is no time to go. Of course, I even went to the Rajasthan desert, even at that place also at 12 midnight I distributed loans. So, there is no time, but at the same time it is for you, M.L.As. and M.Ps., and also social workers, to involve yourselves and help the weaker sections. Otherwise, whether it is Congress or whether it is Janata Party or whether it is Communists or whether it is B. J. P., they will be thrown out in the next elections. That is what I am telling you. Don't wait for the invitation. It is your duty, it is my duty and it is the duty of everybody to serve the people. This is the only thing that I wanted to tell, and I conclude.

MR. DEPUTY SPEAKER : The question is :

"The Bill further to amend the Reserve Bank of India Act, 1934, the State Bank of India Act, 1955, the State Bank of India (Subsidiary Banks) Act, 1959, the Deposit Insurance and Credit Guarantee Corporation Act, 1961, the Banking Companies (Acquisition and Transfer or Undertakings) Act, 1970, the Regional Rural Banks Act, 1976, the Deposit Insurance



[Mr. Deputy Speaker]

Corporation (Amendment and Miscellaneous Provisions) Act, 1978, the Banking Companies (Acquisition and Transfer of Undertakings Act, 1980, the Export-Import Bank of India Act, 1981 and the National Bank for Agriculture and Rural Development Act, 1981, be taken into consideration."

*The motion was adopted*

MR. DEPUTY SPEAKER : The House will now take up clause-by-clause consideration of the Bill.

The question is :

"That clauses 2 to 18 stand part of the Bill."

*The motion was adopted*

**Clauses 2 to 18 were added to the Bill**

MR. DEPUTY SPEAKER : The question is :

"That clause 1, the Enacting Formula and the Title stand part of the Bill."

*The motion was adopted*

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

SHRI JANARDHANA POOJARY : Sir, I move :

"That the Bill be passed."

MR. DEPUTY SPEAKER : The question is :

"That the Bill be passed."

*The motion was adopted*

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CUSTOMS (AMENDMENT) BILL,  
CUSTOMS TARIFF (AMENDMENT) BILL  
AND  
CENTRAL EXCISES AND SALT (AMENDMENT) BILL

[English]

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

"That the Bill further to amend the Customs Act, 1962, be taken into consideration."

I beg to move :

"That the Bill further to amend the Customs Tariff Act, 1975, be taken into consideration."

I beg to move :

"That the Bill further to amend the Central Excises and Salt Act, 1944, be taken into consideration."

Sir, I am proposing a few amendments to the Customs Act which are essentially procedural in nature and are meant to overcome practical difficulties faced in implementing the provisions of the Act. The nature of amendments proposed has also been brought out in the Objects and Reasons of the Bill, already before you. I would only highlight a few of the important amendments proposed in this Bill.

15.01 hrs.

[SHRI SOMNATH RATH *in the Chair*]

Sir, Hon. Members are aware that large quantities of contraband are seized by the officers of customs. Under the present arrangements, disposal of seized goods can be taken up only after all the proceedings under the Act, including prosecution proceedings, are completed. Since such proceedings are time-consuming and take, in big cases, several years, the goods get deteriorated or fast depreciate in value due to technical obsolescence, etc. Further, storage also involves provision of warehouse space which costs quite heavily, particularly in metropolitan areas like Bombay, apart from problems of security etc. With a view to expedite the disposal of such goods, a new provision is being introduced as section 110 (1A) by which the Department will be able to arrange for inspection and take samples and photographs of such goods before a magistrate for the purpose of evidence and to dispose of the goods. The question of making over the sale proceeds to the owners in cases where the departmental or court proceedings go in their favour will, however, be duly considered by the appropriate authorities on the merits of each case.