

Meanwhile, Commissioner, Bureau of Civil Aviation Security has been asked to investigate the nature and extent of breach that may have taken place in the prescribed security procedures, and recommend what further measures are required to strengthen security.

(Interruptions)

SHRI HARI KISHORE SINGH (SHECHAR): Sir, the hon. Speaker has . . .
(Interruptions)

[Translation]

MR. CHAIRMAN: According to rules no question can be asked on this.

[English]

SHRI HARI KISHORE SINGH: Let us complete. The hon. Speaker has suggested during the zero hour that he would see how a discussion could take place on this statement. (Interruptions)

MR. CHAIRMAN: No, no. Discussion means that you can raise a discussion by other form. No question would now be allowed.

SHRI HARI KISHORE SINGH: I agree. Let there be a discussion. That is a very serious matter. (Interruptions)

MR. CHAIRMAN: Kindly give a notice so that the hon. Speaker will examine the notice and will decide about it.

(Interruptions)

MR. CHAIRMAN: Now Shri Rameswar Thakur to continue the reply.

BANKING REGULATION (AMENDMENT) BILL - (CONTD)

[English]

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): Sir, I was stating that many States and the Union Territories have already changed the accounting year in re-

spect of cooperative banks from July-June to April-March. There are States and Union Territories of Karnataka, Madhya Pradesh, Orissa, West Bengal, Assam, Arunachal Pradesh, Rajasthan, Uttar Pradesh, Tamil Nadu, Pondicherry, Bihar, Goa etc.

I would like to make one thing clear to hon. Member Shri Ram Naik and others who have raised the issue by way of an amendment and other means that there will be no difficulty. This is an enabling clause. We are getting requests from these States, who have changed their accounting year through the Reserve Bank of India, that this amendment must be allowed to come. They should have only one accounting year ending 31st March every year. Now the other States, which have not been able to change so far, will have no difficulty. It is not binding. In any case they are now preparing their accounts for the year ending 31st March for the purpose of Income-tax. That is they are preparing two sets of accounts - one for the year ending 31st March and the other for the year ending 30th June. They are free to do it. I am sure, it is advisable for them also to follow this and go to their State Assemblies who can pass the law and do it.

We could not have done it through the State Law as Justice Ghuman Mai Lodha mentioned, because it is the Central Law where the amendment is required which we are doing it here.

As regards some other suggestions made generally about the banks and also the banking structure in the country, naturally on such matters some discussions have been made in regard to nationalisation of banks and also the cooperative banks and rural banks. We are all aware that the banks have performed commendably well, their net work has gone to the rural areas after nationalisation. There were some only 8,268 branches in 1969 including 1,832 branches in the rural areas, which have now gone up to 59,986 including 35,049 rural branches and deposits also have increased from Rs.4,646 crores to Rs. 1,92, 541 crores. Similarly advances of Rs. 3,699 crores have

[Sh. Rameshwar Thakur]

gone up to Rs. 1,16,301 crores. So, there has been vast expansion in a short period and taking into consideration the overall network, there have been certain inbuilt deficiencies and those deficiencies are well recognised, the Government is aware of that, the hon. Finance Minister has already stated in the House that we will try our best and the banking sector will try its best to improve its performance in all directions including its services to its clients and bring about more productivity, efficiency and profitability in the system and that is the need of the hour and that is what the hon. Finance Minister has already assured the House.

So far as the State cooperative banks are concerned, we have also a network of cooperative banks. The number of 28 has now gone to 30 with 625 branches with a paid-up capital of Rs. 21,273 crores and they have got the deposits of Rs. 5,883 crores, advances of Rs. 6,833 crores. Similarly, in the district cooperative banks also we have got a lot of increase, they have increased to 49 with 10,801 branches, paid-up capital of Rs. 8,229 crores and deposits of Rs. 9,338 crores, advances of Rs. 10,685 crores. There are in the system difficulties in the cooperative banks also. These also vary from area to area and from State to State where cooperatives in general are successful, working in a better position. The cooperatives are also working in a better way. But there are certain weak areas where the cooperative system has not worked well and cooperative banks are also not working well and this is a system which has certain deficiencies. On their request special committees were appointed and also the latest report of the Narasimhan Committee about which a reference has been made has been examined by the Government and the Government will definitely, at the earliest possible time, try to implement the basic recommendations of the Committee which would strengthen the banking system in the country.

SHRI CHITTA BASU (Barasat): Would you place the report of the Narasimhan

Committee on the Table of the House?

SHRI RAMESHWAR THAKUR: We were examining it the other day. The hon. Finance Minister has already announced that this is being examined and after the examination the Government would decide to make the report public or to place the report on the Table of the House.

17.09 hrs.

[SHRI SHARAD DIGHE *in the Chair*].

As regards certain other suggestions made, they are of a general nature in regard to rural banks. Shri Chitta Basu ji and others made the suggestions. We have got a net work of a large number of rural branches - 196 banks with 40,555 branches and deposits of Rs. 4,733 crores and advances of Rs. 3,599 crores. The banks work initially well but we find that in many parts, some of the banks are not doing well and certain inherent weaknesses have crept into them. Therefore, it requires improvement in all directions. It is a question whether they should be linked with the sponsored bank, whether they should be linked, as suggested by the hon. Members, with the Apex bank or we should have separate apex bank, independent bank with which all these branches should be linked. And through this apex bank, the matters of those banks functioning, diversification, empowering these branches to have wider network of banking can be linked. These are matters which are under the consideration of the Government and after taking into consideration of the suggestions made by hon. Members and suggestions from different sources, the Government will come to a conclusion and decisions will be taken in this regard.

There are many other suggestions brought about by other Members, particularly in regard to credit-deposit ratio. It is a fact that as Mr. Mumtaz Ansari has mentioned in the State of Bihar and some other States including Punjab, credit-deposit ratio is not equal. These are matters where a number of factors are there. Secondly, it is

the initiative of the State Government to bring about viable projects and also the banking sector to assist those projects to enable them to enhance the credit-deposit ratio. The national policy is very clear that up to 60 per cent of the amount raised by way of deposit should be re-invested in the States. In many areas, in many States, it has been done. In some areas, it has not been done. Efforts are being made to raise it.

Only a few days back, I have addressed this hon. House about the rate of interest. As I have said, one per cent rate was raised by the Reserve Bank on deposits in October, and 1 1/2 per cent we have raised in regard to advances in the various categories. Minimum limit has been raised on either side. Beyond the limit, earlier also they had the freedom and they still have the freedom to raise certain additional rate of interest, keeping in view the various types of clientele, various types of assesses, the viability of the project and various other projects which are generally taken into account by the bankers. That is not a new matter. There is no discrimination with anybody.

So far as the small scale industry is concerned, the Government have already given due consideration. (*Interruptions*)

MR. CHAIRMAN: Let him complete. Do not interrupt. Do not follow this procedure.

SHRI RAMESHWAR THAKUR: So far as the bigger projects are concerned, there must be some discretion. Otherwise, how do you make the banking system viable. You kindly appreciate, when we provide it at 7 1/2 per cent or 8 per cent or 9 per cent interest, naturally for higher projects, slightly higher rate of interest is taken. That goes to the banking system to strengthen the system.

So far as deduction at source is concerned, the hon. Prime Minister has mentioned it the other day. I do not think it is required to be further explained. The idea is those who are not taxable assesses they have to only give a letter to that effect. No

deduction will be made in their cases. In the system, there are certain persons who have got bank deposits and they are not in the taxable net and it is necessary to bring them into the taxable net and therefore, this system is there. I think, if there are any hardships, these are being examined by the banking system and the Government will take decision at the appropriate time.

About backwardness and backward areas, there is a network of bank branches. Certainly, whenever new branches are opened, the areas where there are lesser branches will be kept in mind and new branches are being opened and that policy is continuing.

The Government is fully aware of certain in built deficiencies. Efforts are on to meet them. The hon. Finance Minister has already replied to the basic issue of privatisation, and I have nothing to add. I think, there should not be undue apprehension or misgiving or such whisper. For instance, bank report has been sent to New York and some officers have gone - it is absolutely wrong, not factual. It is incorrect.

This is not the thing. We take decision on merit, according to necessities and according to the policy of the Government. We have experts in our own country, in our own Department and hon. Members of Parliament have always contributed. They will have the opportunity to contribute and, therefore, this kind of thing, if at all any unfounded news is given in some newspaper, senior Members should not give so much importance to it. That is what I would appeal. (*Interruptions*)

We always feel the difficulty. In the Seventh Plan, we have 93% our own money. It is a very massive plan of Rs. 2,20,000 crores. It is likely to be more than Rs. 7 lakh crores in the Eighth Plan also.

SHRI SOMNATH CHATTERJEE (Bolgpur): You have committed to help my unit.

SHRI RAMESHWAR THAKUR: No, no. It will not be more than 90% of our own money in the Eighth plan.

SHRI SOMNATH CHATTERJEE: You have committed to help my unit.

SHRI RAMESHWAR THAKUR: Yes.

SHRI SOMNATH CHATTERJEE: You said no, no. Now you are saying 'Yes'.

SHRI RAMESHWAR THAKUR: Yes, or no is not the question. We have to take decision objectively. We should not be unduly biased. That is my request to senior Members.

MR. CHAIRMAN: You should address the chair.

SHRI HARI KISHORE SINGH: We are not always objective.

SHRI RAMESHWAR THAKUR: We are not objective. That is the regret.

SHRI SOMNATH CHATTERJEE: Calcutta men are also here.

SHRI RAMESHWAR THAKUR: Calcutta men are also here. It is not the question. Calcutta men will not go. National interest should be always above board and Government will always take into consideration to keep the national interest above everything.

With these words, I move that the Bill be taken into consideration.

MR. CHAIRMAN: In this motion for consideration, there are amendments.

SHRI RAM NAIK (Bombay-North): New branches for cooperative banks are not being sanctioned and I had suggested that that policy should be reviewed. The nationalised banks branches are coming. For cooperative banks, new branches are not being

mentioned. What is the Government's view about it? What Government is going to do on that?

SHRI RAMESHWAR THAKUR: This policy is decided by the Reserve Bank on merit. Cooperative bank branches and other branches, all aspects are taken into consideration. Today many suggestions have come to strengthen the existing branches. Certainly there should be new branches but the existing branches on network about which I have given details have to be strengthened. That was a major focus by most of the Members.

So far as new branches are concerned, certainly they should be given opportunity to open the branches wherever necessary and wherever RBI thinks that there is a proper ground and reasonable base to have new branches. That is no ban on that.

MR. CHAIRMAN: For the consideration of the Bill there are amendments by Shri Giridhari Lal Bhargava and Prof. Rasa Singh Rawat that the Bill be circulated for the purpose of eliciting the opinion thereon by 26th February 1991. I put both these amendments first to the vote of the House.

I shall now put the amendments to the consideration motion moved by Shri Giridhari Lal Bhargava and Prof. Rasa Singh Rawat to the vote of the House.

Amendments Nos. 1 and 4 were put and negatived.

MR. CHAIRMAN: I shall now put the consideration motion to the vote of the House. The question is:

"That the Bill further to amend the Banking Regulation Act, 1949 be taken into consideration."

The motion was adopted

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

Clause 2- Amendment at Sector 56 of Act 10 to 949.

SHRI RAM NAIK: I beg to move.

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after line 22 insert-

"Provided further that the Central Government shall not issue the order for facilitating the transition unless the concerned State provides for change in the accounting year as per its relevant Co-operative Societies Act. as applicable to the cooperative Banks" (3)

I am just requesting the Minister. He has already assured that there would not be any problem for the States which are to switch from July to June.

The hon. Minister has already assured that for such States which have not adopted the new pattern, there would not be any hard and no problem.

SHRIRAMESHWAR THAKUR: Sir, I have made it absolutely that this amendment enables all the Cooperative Banks including those States where legislation has already been passed to change the year from June-July to March.

Therefore, this is an enabling clause for all the States. Those States which have not changed it will have no difficulty whatever. They are free to change whenever they like so that they have not to make two accounts.

So far as Income-tax is concerned, this law enables all the Co-operative banks to come to the accounting year of 31st March and they will be able to file the Income-tax return accordingly. Therefore, there is no implement for those who do not have it now. They are free to do it and they will be able to do it. This is not forced on them to do.

SHRI RAM NAIK: In view of the assurance and clarification given by the Minister, I seek the permission of the House to withdraw my amendment.

MR. CHAIRMAN: Has the hon. Member leave of the House to withdraw his amendment.

SEVERAL HON. MEMBERS: Yes.

Amendment No. 3 was, by leave, withdrawn.

Prof. Rasa Singh Rawat - not moving

Shri Giridhari Lal Bhargava - not present.

MR. CHAIRMAN: The question is:

"That Clause 2 stand part of the Bill.

The motion was adopted.

Clause 2 was added to the Bill.

MR. CHAIRMAN: The question is:

"That Clause 1., the Enacting Formula in the long Title stand part of the Bill.

The Motion was adopted.

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

SHRI RAMESHWAR THAKUR: Sir, I beg to have :

"That the Bill be passed."

MR. CHAIRMAN: The question is:

"That the Bill be passed."

The motion was adopted.