

भविष्य में नहीं हो सकती। ये विद्युत्तगह राष्ट्रीय महत्व एवं भवभूति के प्रतीक हैं। बिजली के उत्पादन पर ही राष्ट्र की कृषि एवं उद्योग की उन्नति निर्भर करती है। अतः जहाँ कहीं भी इस तरह के कांड हो सरकार को तुरन्त उसकी जांच करानी चाहिये। अतः मैं सरकार से जानना चाहता हूँ कि इस दुर्घटना को हुए इतना समय बीत जाने पर इस कांड की जांच करा ली है या नहीं तथा दोषी अधिकारियों के विरुद्ध क्या कार्यवाही की गई और कौन-कौन अधिकारी दोषी पाये गये हैं इससे ऊर्जा मंत्री सदन को अवगत करायें।

MR. CHAIRMAN: We are now going to take up the next item, viz. the Banking Companies (Acquisition and Transfer of Undertakings) Bill. I think 3 hours have been allotted for this Bill. If the House agrees, two hours may be utilized for general discussion and one hour for clause-by-clause consideration.

15.15 hrs.

#### BANKING COMPANIES (ACQUISITION AND TRANSFER OF UNDERTAKINGS) BILL

THE MINISTER OF FINANCE (SHRI R. VENKATARAMAN): I beg to move: \*

"That the Bill to provide for the acquisition and transfer of the undertakings of certain banking companies, having regard to their size, resources, coverage and organisation, in order further to control the heights of the economy, to meet progressively, and serve better, the needs of the development of the economy and to promote the welfare of the people, in conformity with the policy of the State towards securing the principles laid down in clauses (b) and (c) of article 39 of the Constitution and for

matters connected therewith or incidental thereto, be taken into consideration."

As Hon'ble Members are aware, 14 major commercial banks incorporated in India each with deposits exceeding Rs. 50 crores were nationalised by Government with effect from 19th July, 1969 in order to gain control over the commanding heights of the economy for the attainment of national and economic objectives. It was then visualised that public ownership of these banks would help in more effective mobilisation of savings and their channelisation for productive purposes.

Since nationalisation, bank services have grown rapidly particularly in the hitherto underbanked rural and semi-urban areas. The number of branches of public sector banks has risen from 6, 596 in June, 1969 to 25 028 (including those of Regional Rural Banks) as at the end of December, 1979. Out of these, as many as 18,051 branches of the public sector banks are located in rural and semi-urban areas. The deposits of the public sector banks rose from Rs. 3,871 crores to Rs. 25,977 crores during this period. Progressive increase was also registered in the deployment of Banking resources for the neglected sectors and weaker sections of society. Advances of the public sector banks to the priority sectors as a percentage of their total credit has risen from 14.9 per cent in June, 1969 to 33.5 per cent in September, 1979.

Government are committed to implement the 20-point programme vigorously. In pursuance of this objective, the public sector banks have undertaken to increase their credit to priority sectors to 40 per cent of their total advances over a period of five years. It was felt that Indian banking companies in the non-nationalised sector which have registered a rapid growth during the recent past should

\*Moved with the recommendation of the President.

[Shri R. Venkataraman]

also be subject to a more effective and meaningful direction and control so as to make them an integral part of the development effort.

As Parliament was not in session and immediate action was necessary, the President promulgated an Ordinance on 15th April, 1980 to provide for the nationalisation of six Indian private sector banks having demand and time liabilities exceeding Rs. 200 crores each as on March 14, 1980. These banks were:—

1. The Andhra Bank Ltd.,
2. Corporation Bank Ltd.,
3. The New Bank of India Ltd.,
4. The Oriental Bank of Commerce Ltd.,
5. The Punjab and Sind Bank Ltd., and
6. Vijaya Bank Ltd.

The total demand and time liabilities of these banks aggregated over Rs. 2,356 crores as on March 14, 1980. The present Bill seeks to replace this Ordinance by an Act of Parliament.

The Bill provides for the payment of amount totalling Rs. 18.50 crores to the six existing banks on the basis adopted in the past when the 14 major commercial banks were nationalised in 1969. This amount will be payable at the option of the existing banks in cash in three annual instalments with an interest at the rate of 5.5 per cent per annum, or by issue of Government securities of 10 years carrying interest rate of 6 per cent or of 30 years with interest rate of 7 per cent or a combination of the two. With the incorporation of the six largest private sector banks in the public sector, the total deposits of the public sector banks would be about 91 per cent of the deposits of all scheduled commercial banks.

While commending the Bill for consideration, I may mention that it follows closely the provisions of the

existing Nationalisation Act passed by this House in 1970. As in the earlier Act, the present Bill provides for the management of the new banks each by a board of directors to be constituted by government after consultation with the Reserve Bank in accordance with the provisions of a nationalisation scheme to be framed by government under the provisions of the proposed enactment. The broad-based boards of these banks providing for the representation to be given to various interests such as employees, depositors, farmers, artisans and other experts will accordingly be constituted by government after the nationalisation scheme is framed. Employees of the acquired banks would automatically become employees of the corresponding new banks. It is our fervent hope that with the inclusion of these six banks in the public sector, the implementation of the 20 point programme will become more fruitful and effective.

Sir, I would not like to take more time of this House on the other provisions of the Bill. I move.

MR. CHAIRMAN: Motion moved:

“That the Bill to provide for the acquisition and transfer of the undertakings of certain banking companies, having regard to their size, resources, coverage and organisation, in order further to control the heights of the economy, to meet progressively, and serve better, the needs of the development of the economy and the promote the welfare of the people, in conformity with the policy of the State towards securing the principles laid down in clauses (b) and (c) of article 39 of the Constitution and for matters connected therewith or incidental thereto, be taken into consideration.”

SHRI SATISH AGARWAL: (Jaipur): May I seek one or two clarifications? The Ordinance was issued on 15th April 1980. These banks which had deposits of more than Rs. 200

crores on 14th March 1980 were nationalised but the ordinance was issued on 15th April, 1980; one month afterwards. Why did you take 14th March as the date for computation? What is the rationale behind it? You could have taken 14th April. The ordinance was issued on 15th April. Why did you ante-date it to 14th March, 1980? What is the motive behind it? I fail to understand it. He has not mentioned anything with regard to that in the statement which has been laid on the Table of the House.

Secondly, what is the rationale behind fixing the limit of Rs. 200 crores? 91 per cent of the entire deposits in the banking system come under the nationalised sector. Why did you not keep it at the previous level of Rs. 50 crores? You could have kept Rs. 100 crores? Hardly 4-5 per cent would have been left and you could have had commanding heights of the economy through the nationalised sector and implement the 20 point programme so successfully through this instrument. I fail to understand why you did not keep 100 crores and why you kept 200 crores. Previously it was 50 crores.

AN HON. MEMBER: Why even Rs. 50 crores?

SHRI SATISH AGARWAL: What is the rationale in changing that?

MR. CHAIRMAN: If the Finance Minister wants to say something, he may.

SHRI SATISH AGARWAL: If he gives proper clarifications, he will have support from us.

MR. CHAIRMAN: If the hon. Minister chooses not to reply now, I cannot compel him to say anything. Prof Rup Chand Pal.

PROF. RUP CHAND PAL (Hooghly): The Banking Companies (Ac-

quisition and Transfer of Undertakings) Bill has come up for consideration and discussion. Many pious things have been said that in the interest of the 20-point programme, in the interest of the poor people, in the interest of the weaker sections of society, nationalisation was urgently needed. If we look back 11 years ago when 14 banks were nationalised on the floor of this House the same pious things had been declared. Some pious hopes were raised among the poorer sections of the people that it shall be the endeavour of the Government to ensure that the needs of the productive centres of economy and in particular those of farmers, small scale industries and self-employed professional groups are met in an increasing measure. But what is our experience?

About our experience for the last 11 years, I would like to refer to the statement made by one Finance Minister Shri H. N. Bahuguna, some time ago. This was published in Deccan Herald of 29.4.1980. Deccan Herald, as we all know, is reputed Weekly. Shri Bahuguna belongs to a party which is being accused daily only to be counter-accused. Shri Bahuguna said, "Banks write the bad debts of powerful people and institutions and do not even show them in the Annual Accounts submitted in their Reports. This I have learnt when I was the Finance Minister. As much as 99.9 per cent of all bad debts are all those which take amounts in excess of Rs. 50,000. All of them are rich."

The rich people have benefited much during 11 years of nationalisation. So many pious things have been said and are still being said, but what do you see? We see that double financing practice is going on regularly in West Bengal. The jute merchants are taking loans from the banks to purchase raw jute. That is being stocked with the help of bank. Showing that very stock, they again take loan against that stock.

[Prof. Rup Chand Pal]

What happens to the landless labourers? They are not treated even as human beings. That is our experience. What happens to the small trader? What happens to the small scale industrialist? They are always deprived of this benefit. There is corruption. It is not only my experience but also the experience of so many people belonging to the ruling party. That is on record. When you go in for some bank loan, the Bank officers will ask—have you any surety? The poor man goes there for loan but he is asked—“Are you having anything to support the mortgage”? That is the snag of surety.

The poor people are being deprived. The parasite class in the rural areas are getting a lot of help from the banks. Sometimes it is published in the newspapers—tangawals, rickshawalas and rehriwalas are being provided loan from the banks. That is not even a drop in the ocean. A big chunk is being taken away by the merchants. They are the parasite class. They are the land-owning class, the people who own industries and land.

You have said so many pious things. If we look to the rural areas, what do we find? The moneylenders operate in the rural areas and suck the blood of the poor people. They are still operating and the banks have not yet been able to provide the minimum loan required by the poor people. They are getting pauperised. They have not and cannot be brought out of the clutches of the moneylenders.

As far back as 1928. The Royal Commission, while reporting on the condition of agriculture said, “The Indian peasant was born in debt, lived in debt and died in debt.” Still, that is the position. What is happening to the poor people? They are in debt. They are selling their land to the moneylenders. The moneylenders have accumulated the land. What has

happened in the last 33 years? 40 per cent of the land is concentrated in the hands of 4 per cent of the people. In the process of pauperisation the people are losing their land. That process is still continuing inspite of the number of branches that are stated to have been opened by the Finance Minister, or the progress that is claimed to have been achieved during the last 33 years. I have not got enough time. Otherwise, I could make many points. These six banks have now been taken over. What about the foreign banks? They are making huge assets throughout the country. It is being said that if we nationalise these foreign banks, we shall not be allowed to operate in their countries. But what is the picture? There are only about 123 branches of the State Bank of India and one or two other banks operating in the foreign countries. But what is the picture of the foreign banks operating in our country? They are making huge assets. They are manipulating invoices. They are overcharging in the name of selling foreign exchange without permission of the Reserve Bank. I can cite the example of Grindlay Bank operating in India. A few days ago the employees of the Grindlays Bank have gone on strike for 90 days. They were demanding that this bank should be nationalised. That bank is operating in an anti-national manner, against the Indian interests. The strike continued for 90 days, not for increased DA or salary. The bank authorities are trying to bring machines. In a country where there is so much unemployment they are trying to instal machines and subvert the Indian economy.

MR. CHAIRMAN: Would you like to continue for some more time?

PROF. RUP CHAND PAL: Yes, Sir.

MR. CHAIRMAN: You may continue on Monday. Now we will take Private Members' business.