

[श्री मूल चन्द डागा]

है। आज चार से छः वर्ष की आयु के बच्चों की संख्या 13.04 प्रतिशत है और चार से आठ वर्ष की आयु के बच्चों की 31.54 प्रतिशत है। बच्चों की उम्र और तन्दरुस्ती को देखते हुए उन पर काम का भार ज्यादा होता है और 1.50 रुपये से 2.00 रुपये तक की मजदूरी उनको दी जाती है जबकि बच्चों से बड़े लोगों को उसी समय तक काम करने के लिए चार रुपये से पांच रुपये तक मिलता है। इस प्रकार गरीब घरों में आय के साधन कम होने के कारण छोटे छोटे बच्चों को काम करने पर मजबूर किया जाता है और श्रम का शोषण होता है। श्रम मंत्री का ध्यान मैं इस ओर आकर्षित करता हूँ और आशा करता हूँ कि वह उचित और अविलम्ब कदम उठाएंगे।

12.46 hrs.

**BANKING COMPANIES (ACQUISITION AND TRANSFER OF UNDERTAKINGS) BILL—Contd.**

**MR. SPEAKER:** The House will now resume further consideration of the Banking Companies (Acquisition and Transfer of Undertakings) Bill. Prof. Rup Chand Pal, who was on his legs may continue.

**PROF. RUP CHAND PAL (Hooghly):** Sir, last Friday I was speaking about the foreign banks which are accumulating large assets in our country and I said, they have to be nationalised. Without nationalising the foreign banks no help can be achieved and the aim of nationalisation of these six banks will also be not fulfilled to a large extent. I gave the example of Grindlays Bank operating in India whose anti-national policy is jeopardising the economy of our country. The employees of this bank continued their strike for 3 long months from November 5 last year.

There are some high-priced funds operating in the country today. In West Bengal, I know about three or four such funds. One such fund is Sanchayaita. People are taking money from the banks and putting it in these

funds. The rate of interest given is fabulous—48 per cent return for the money invested there. This is a very dangerous thing that even after bank nationalisation so much black money is operating side by side. This money from these funds is taken by the smugglers, film-makers and film-producers and that has been used by the people in speculative trade, thus spoiling the aim of bank nationalisation, which is to prevent money going into speculative market.

There is another small but very important matter. So many times a demand has been made for a nomination system in the nationalised banks, but till now there is no nomination system in the nationalised banks, as a result of which Rs. 14 crores are lying as dead accounts. This is the money of the poor widows, orphans and helpless peoples. Those dead accounts cannot operate because there is no opportunity for nomination. I call the attention of the hon. Finance Minister to do something in this regard.

With these words, I conclude by saying that the nationalisation of these six banks will not help in fulfilling the aim for which they have been nationalised because during the last 11 years, our experience has been that this nationalisation will help only the rich people and the poor people for whom, it is said, they are being nationalised, will not get any help.

**श्री मूल चन्द डागा (पाली):** अध्यक्ष महोदय, जब हमारे योग्य और विद्वान वित्त मंत्री जी इस बिल को पेश करते समय इस बिल के उद्देश्यों का वर्णन कर रहे थे, मैं चाहता था कि अगर वह अपने उद्देश्यों का वर्णन गांवों के शिल्पी और छोटे कारखानों या श्रमिकों के सामने पेश करते तो उनका जवाब यह होता कि बड़े-बड़े मंत्री और नेता लोग जो कानून बनाते हैं, वह ऊंचे मकानों में बैठकर बना लेते हैं और जमीन पर लाने का काम नाँकरशाही का है।

1969 में बैंक रेशनलाइजेशन का काम शुरू हुआ और आज भी लोगों को जो कर्जा

मिलना चाहिये, जिनके लिये बैंकों के रास्ते और दरवाजे खुलने चाहिये थे, वह खुल नहीं रहे हैं। जितने नेशनलाइज्ड बैंक हैं आज उनकी हालत यह हो रही है कि उनमें जो कर्मचारी हैं, वह बड़ी तनखाह मांगने की कोशिश करते हैं, ओवरटाइम अलाउन्स या समयोपरि भत्ता मांगते हैं। कई बार बैंकों के लोग हड़ताल करते हैं और बैंकों का स्टैन्डर्ड दिनोदिन गिरता जा रहा है।

आज बैंकों में जिस प्रकार की हालत हो रही है उसके बारे में राज कमेट्री ने तो यहां तक कहा है कि बैंकों में 20 परसेंट स्टाफ ज्यादा है। यह राज कमेट्री की रिपोर्ट है, इसमें बताया गया है कि बैंकों की हालत क्या है। इसमें लिखा है

“The growth of banks in statistical terms may appear spectacular. But from qualitative point of view, banks have continued their down-hill journey. What else could one conclude from falling standards of managerial efficiency and of clientele service and lack of innovativeness in tackling these problems or in finding ways and means of serving their traditional or non-traditional clients?”

आज बैंकों की जो हालत हो रही है और बैंकों की मामले में गरीबों को जो निराशा मिलती है, जब मैंने इसके आंकड़े इकट्ठे किये तो मुझे मालूम हुआ कि राज-स्थान और दूसरे प्रान्तों में भी जो गरीबों को बैंकों से धनराशि मिलनी चाहिये वह नहीं मिल रही है। रिक्षा पुलर्स, गरीब आर्टिजन और गांव में काम करने वाले छोटे काश्तकार को जो लोन मिलने की बात कही जाती है, मैं समझता हूँ कि उसका पर-सेन्टेज बहुत कम है और मेरे स्थान में वह परसेन्टेज 2.7 भी नहीं पहुँच पा रहा है।

आज छोटे काश्तकार को सबसे पहले तो पटवारी तंग करता है। उसके बाद उसे तहसीलदार को भी नजराना पेश करना पड़ता है। तीस साल के बाद भी आज हालत यह है कि बैंकों के फार्मों का स्टैन्डर्डिजेशन नहीं हो पाया है और लोन देने का तरीका भी

एक नहीं है। इस बारे में राज कमेट्री का कहना है :-

“It is a matter for deep regret, to put it very mildly, that in spite of over 30 years of banking regulation and existence of organisations like the Indian Banks' Association, the Indian Institute of Bankers and the National Institute of Bank Management, there is hardly any standardisation, of forms, documents and procedures. It is a jungle of diversity and urgent attention should be given to standardisation.”

बैंकों के राष्ट्रीयकरण के बाद भी बैंकों की हालत में कोई सुधार नहीं हुआ है। मैंने माननीय वित्त मंत्री को पाली जिले के मारवाड़ ग्रामीण बैंक के बारे में शिकायत भेजी थी। मंत्री महोदय ने मुझे जो जवाब दिया था, वह मैंने सम्भल कर रखा हुआ है। मैं देखूंगा कि कब तक उस के बारे में जांच की जायेगी।

मेरे पत्र के उत्तर में मंत्री महोदय ने लिखा लिखा था:-

“I have received your letter dated 5th June, 1980, regarding the Marwar Gramin Bank. I am having the matter examined.”

पाली जिले के मारवाड़ ग्रामीण बैंक के बोर्ड के सब मेम्बर एक ही जाति के हैं। उन्होंने बैंक की शाखाओं में जिन लोगों को एम्प्लायमेंट दिया है, वे एक ही जाति के हैं। जो लोग काम पर लगाये गये हैं, उनमें से 80 प्रतिशत लोग कोई काम करने नहीं जानते हैं। उन्होंने गरीब लोगों को कोई लोन नहीं दिया है, और रिश्वत लिये बगैर कर्जा नहीं दिया है। प्रश्न यह है कि जिन उद्देश्यों के लिए 1969 में इस बैंक की स्थापना की गई थी, क्या उनकी पूर्ति हुई है। मैं चाहता हूँ कि वित्त मंत्री इस बात की जांच करें कि इस प्रकार के बैंक गांवों में गरीब लोगों को लोन नहीं देते हैं। वे प्राफिटियर्स, ब्लैक-मार्केटियर्स, स्मगलर्स और सद्दा करने वालों को लाभ देते हैं।

इसके अलावा इण्टेस्ट्रीज को करांड़ों रुपरे का लोन दिया जाता है, जबकि एग्रीकल्चर

[श्री मूलचन्द डागा]

सेक्टर का परसेंटेज कम है। बैंकों की छात्रार्थ खोलने की बात असंगत है। लेकिन क्या वित्त मंत्री ने बैंकों की सर्विस को सुधारने की बारे में सोचा है? आज विभिन्न बैंकों में बिल्कुल कोआर्डिनेशन नहीं है। बैंकों के कर्मचारी 11 बजे दफ्तर आते हैं। कस्टमर्ज के साथ उनका व्यवहार मानवता से परे और मानवता से शून्य होता है। जो लोग बैंकों में आते हैं, उनके साथ कर्मचारियों का व्यवहार ठीक नहीं होता है।

इस बारे में इंडियन एक्सप्रेस में 21 मार्च को एक लेटर छपा था। बैंकों को इनएफिशेंसी के बारे में इस पूरे लेटर को पढ़ने में तो समय लगेगा, इस लिए मैं उसके कुछ अंश को पढ़ देता हूँ:-

"Bank staff report for work after 10-30 a.m., work for few hours and leave by 4 p.m."

"In Calcutta, almost all the banks do not accept cash receipts below Rs. 50 denomination saying that the RBI does not accept Rs. 10, Rs. 5 etc."

13.00 hrs.

The Lok Sabha adjourned for Lunch till Fourteen of the Clock.

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

Mr. Deputy-Speaker in the Chair.

BANKING COMPANIES (ACQUISITION AND TRANSFER OF UNDERTAKINGS) BILL—Contd.

श्री मूलचन्द डागा: उपाध्यक्ष महोदय, मैं दिनांक 21-5-80 का एक पत्र पढ़ रहा था, उसके थोड़े से कंटेंट्स और पढ़ने हैं:

"In Calcutta, almost all the banks do not accept cash receipts below Rs. 50 denomination saying that the RBI does not accept Rs. 10, Rs. 5 etc."

MR. DEPUTY-SPEAKER AClqp  
"In Calcutta, almost all the banks do not accept cash receipts below Rs. 50 denomination saying that the RBI does not accept Rs. 10, Rs. 5 etc."

drafts against cash payment saying that the staff is inadequate. They do not open new accounts for the reason of 'no space.' There are banks operating in two different buildings for want of space and customers have to run from one to the other.

In these cases, the manager and the officers are not able to help. They cannot ask the RBI to accept ten-rupee bundles, they cannot ask the staff to come at 10 a.m. and they cannot go and fix a large building for the branch to give better service. They are totally helpless."

मैं बता रहा था कि नेशनलाइज्ड बैंक्स की हालत कितनी गिर गई है। मैं बम्बई एक दफा गया था तो वहाँ देखा कि छोटा सा कमरा था जिसके लिए एक बैंक की ब्रांच 17 हजार रुपया किराया देती है। इस तरह से बैंकों में रुपया खर्च किया जाता है। 14 करोड़ रुपया बैंकों में विडोज और इन्फ्लैन्ट्स का पड़ा हुआ है, मुझे नहीं मालूम उसका क्या उपयोग हो रहा है। आज बैंकों पर पार्लियामेंट का कोई कंट्रोल नहीं है। देश का इतना बड़ा वित्तीय साधन होते हुए भी उस पर पार्लियामेंट का कोई कंट्रोल नहीं है। जिस तरह से काफी बोर्ड, टी बोर्ड और दूसरे बोर्ड बनाए जाते हैं उसी तरह से यहां पर भी, मैं मंत्री जी से अनुरोध करूंगा, बोर्ड आफ डायरेक्टर्स में लोक सभा और राज्य सभा के सदस्यों को नामिनेट किया जाए ताकि जो हमारा आबजेक्ट है उसको अचीव किया जा सके। आज भी मेरी समझ में नहीं आया कि 100 करोड़ से ऊपर के जो बैंक हैं उनको नेशनलाइज्ड क्यों नहीं किया गया है। मैं चाहूंगा कि एक पार्लियामेंटरी कमिटी बनाई जाए जो सर्वेक्षण करे कि नेशनलाइज्ड बैंक्स ने क्या आब्जेक्टिव अचीव कर लिए हैं।

जैसा कि मैं पहले कह रहा था, चेंबरमैन और एग्जीक्यूटिव डायरेक्टर्स का एक स्टैट्यूटरी बैंकिंग कमीशन होना चाहिए, जो सर्विस कमीशन से ऊपर हो और जिसका निर्णय फाइनल हो। जो एप्वाइन्टमेंट्स बैंकों में हो रहे हैं, हम देख रहे हैं कि इनएफिशिएन्ट और असंगत आवसी रख लिये

चाहते हैं। मैं चाहता हूँ कि बैंकों में एक्वा-इन्टमेंट्स के मामले में भी इस बात की व्यवस्था की जाए।

एक नेशनल ग्रिड जो आपकी काउन्सिल है, उसको भी रिवाइज किया जाए और उसका स्कोप भी बढ़ाया जाए। उसके चयर-मैन हमारे वित्त मंत्री होने चाहिए। ये मेरे सुझाव थे।

समाज के पिछड़े हुए लोगों को कमजोर लोगों को आज भी कर्जा नहीं दिया जा रहा है और जो कर्जा दिया जा रहा है, उसके कुछ उदाहरण मैं आपके सामने पेश करना चाहता हूँ। उन आंकड़ों को देखेंगे तो आप आश्चर्य करेंगे। मैंने रिसेंटली एक क्वेश्चन किया था, जिसका उत्तर हमारे वित्त मंत्रालय से आया था। उस उत्तर से आपको मालूम होगा कि किस प्रकार से हम को कर्जा दिया जाता है और बैंक क्या करते हैं। 1978-79 में जो क्वेश्चन किया था और वित्त मंत्री ने जो लिखकर जवाब दिया था, उस में मैंने बतलाया था कि राजस्थान में इन्डियन बैंक में हमारे डिपोजिट्स 3.75 करोड़ रु. थे और एग्रीकल्चर में उन्होंने कुछ भी नहीं दिया और जो छोटी-छोटी स्माल-स्केल इन्डस्ट्रीज हैं, उनमें केवल 20 लाख रु. कर्जे के रूप में दिया। दूसरे बैंकों की भी हालत इसी प्रकार है। राजस्थान में युनियन बैंक आफ इंडिया में डिपोजिट्स हैं 11 करोड़ 25 लाख रु. जबकि एग्रीकल्चर सेक्टर में उनको दिया गया है 93 लाख रु. और स्माल स्केल इन्डस्ट्रीज में 1 करोड़ 20 लाख रु.। अब मैं आपको इलाहाबाद बैंक की स्थिति बता रहा हूँ। इलाहाबाद बैंक में डिपोजिट्स हैं 4 करोड़ 66 लाख रु. और एग्रीकल्चर में राशि दी गई है केवल 18 लाख रु. और स्माल स्केल इन्डस्ट्रीज में 0.49 करोड़ रु. दिया गया है। इन सारे आंकड़ों को देखकर मुझे बड़ी निराशा होती है। बैंक नेशनलाइजेशन का लाभ नीचे के लोगों को देने की बजाय ऐसा मालूम होता है कि पूँजीपतियों को देते हैं। देना बैंक की स्थिति के दारों में देख रहा हूँ कि वहाँ पर एक करोड़ 96 लाख रु. जमा है, जबकि राजस्थान को एग्रीकल्चर सेक्टर में 0.4 करोड़ रु. और स्माल स्केल इन्डस्ट्रीज

में 65 लाख रु. दिया गया है, सिन्डीकेट बैंक में 7.79 करोड़ रु. जमा है, केवल स्माल-स्केल इन्डस्ट्रीज में 47 लाख रुपया दिया गया है और एग्रीकल्चर सेक्टर में कुछ भी नहीं दिया गया है। सारे आंकड़ों में रिफ्रेंस सेक्शन से इकट्ठे किए हैं। इन सब आंकड़ों को देख कर एक बात मालूम हुई कि एक तरफ स्माल-स्केल इन्डस्ट्रीज, मार्जिनल फार्मर्स, स्माल फार्मर्स के नाम हैं, और दूसरी तरफ घोषणा कर दी है कि देश के अन्दर बैंकों का नेशनलाइजेशन करके हम बहुत बड़ा काम कर रहे हैं। मैं चाहता हूँ कि इस प्रकार बैंक्स की...

MR. DEPUTY-SPEAKER: Mr. Daga, the Bill under discussion is the Banking Companies (Acquisition and Transfer of Undertakings) Bill.

श्री मूलचन्द डागा: इसलिए मैं चाहता हूँ कि जो बैंक का नेशनलाइजेशन का उद्देश्य है, जो आर्जेंट है, उसको एचीव करें, लेकिन वह उद्देश्य एचीव नहीं हो रहा है। इसलिए मैं आपका ध्यान इस ओर दिलाऊंगा।

MR. DEPUTY-SPEAKER: You throw some light on this subject. The House will be benefited and the Minister will also reply.

SHRI MOOL CHAND DAGA: In order to achieve this object, the Bill has been presented before the House.

I quote:

"The time has now come when blunt truth must be told that the Government as the owner of the banking industry must come out of its ivory tower and realise the truth of the economic dictum that nowhere on earth actual objectives could be pursued at the expense of business considerations of efficient service and profitability."

इस लिए मैं कहना चाहता हूँ कि बाप जो बिल लाए हैं, उसकी भावना ठीक है, लेकिन उसकी पद्धति में सुधार होना चाहिए।

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\*SHRI M. KANDASWAMY (Tiruchengode): Hon. Mr. Deputy Speaker, Sir, our hon. Prime Minister has recently nationalised six commercial banks with the sole objective of making them a potential instrument for common good. On my own behalf and on behalf of my party, the Dravida Munnetra Kazhagam, I wholeheartedly welcome the Banking Companies Acquisition Bill. When in 1969 our hon. Prime Minister nationalised 14 commercial banks and implemented progressive economic policies, my leader Dr. Kalaignar Karunanidhi who was then the leader of the ruling party, the Dravida Munnetra Kazhagam in Tamil Nadu extended unqualified support to our Prime Minister. The purpose of nationalising commercial banks is to ensure that they serve the weaker sections of our society. I am pained to say that this purpose has not so far been achieved in full though 14 commercial banks were nationalised in 1969 and now another six commercial banks have been nationalised. The hon. Minister of Finance must take steps in this direction and see that the common people in the lowest strata of society are helped with financial assistance.

Now, the six commercial banks with each having a deposit of Rs. 200 crores have been nationalised. I demand that the banks having less than Rs. 200 crores as deposit must also be nationalised. Similarly, the Chit Funds must also be nationalised.

Another laudable objective of nationalisation of commercial banks is that our agriculturists should get timely credit facilities. In many parts of our country the agriculturists have not been able to derive any substantial benefit from these nationalised banks. For example, I personally know that in Perungulam village in Salem District of Tamil Nadu financial assistance has been refused by the nationalised banks. I have no hesitation in saying that the nationalised banks have not been uniformly helpful to the people in rural areas. There is imbalance in re-

gard to Banks financial assistance to different parts of our country. This must be set right because the financial needs of the rural areas in our country are common throughout our country.

With these words, I conclude extending my full support to the Bill under discussion.

SHRI R. MUTHU KUMARAN (Cuddalore): Sir, I wholeheartedly welcome the initiative taken by the Hon. Finance Minister to bring this Bill for the acquisition and transfer of undertakings and six banking companies, to further fulfil the needs of the rural and urban population. One could imagine the pressures brought on by the monopoly traders and industrial houses to do away with the present Bill. Yet the Hon. Minister has taken a bold stand to get the Bill passed on this Floor. I wish the members of the other House will also pass the Bill.

Now, I would also mention here the plight of the poor and weaker sections of the society in the matter of loan facilities and financial assistance for their survival. An ordinary man cannot be expected to go here and there, every now and then, to see his endeavours achieved. For an ordinary jewel loan he has to see the banking officials several times. Unless they cooperate with the policies and programmes of the Government no fruitful result can be seen, after the passing of this essential Bill.

The marginal farmers, agricultural labourers and village artisans should be helped to get their due share. There are people even after a long time of Independence, who are totally neglected by the banking officials. Some get huge loan assistance within a reasonable time whereas the ordinary petty shop dealers small businessmen etc. are denied even small assistance. This type of attitude on the part of the banking officials should be curbed and I request the Hon. Minister to send standing instructions to the banking institutions to give

\*The original speech was delivered in Tamil.

due respect and show sympathy for the weaker sections. Then alone the purpose of enacting laws and passing of bills on the Floor of this House can be achieved.

I once again congratulate the Finance Minister for bringing this Bill of Acquisition and Transfer of Undertakings or banking companies. Further, I would suggest that the Hon. Minister may constitute a body of advisors with MPs and MLAs being represented on it, so that the poor people can get proper accommodation.

**SHRI SATISH AGARWAL (Jaipur):** Mr. Deputy-Speaker, Sir, I rise to speak on this Bill, and while speaking on the Bill, I am very much aware of the paucity of time which I have at my disposal. So I shall be very brief in my observations and would like to draw the attention of the hon. Minister and the whole House through you to certain features which need immediate consideration by the Government.

Fourteen banks were nationalised some time in July, 1969. Six more banks have been nationalised on 15th April, 1980, and this has been done on the basis of those banks having deposits of more than Rs. 200 crores as on 14th March, 1980. One question that arises for consideration is this: if the Government was going to nationalise these banks on 15th April, 1980, why did it have the basis of Rs. 200 crore deposits as on 14th March, 1980, what was the rationale behind it? This is number one. Number two is this: why were Rs. 200 crores fixed up when in the nationalised structure we have brought banks commanding 91 per cent of the total deposits in the banking industry? Earlier it was Rs. 50 crores. Why were Rs. 160 crores and more not fixed up? What was the rationale behind Rs. 200 crores? Number three is this: what was the urgency for issuing an ordinance? This could have been done in Parliament when it was going to meet. What was the urgency for this in April, a month before Parliament was going to meet?

I would like to know whether the Government has made any evaluation of the functioning, efficiency and contribution to the growth of the economy since the nationalisation of the banks in 1969. I am aware of the fact that the 14 nationalised banks have contributed something to the growth of the economy. Funds have flown to the priority sectors, though not as much as desired by the Government or fixed by the Government; some funds have gone to the rural sector; some funds have gone to the agricultural sector, to semi-urban areas, to rural areas, to artisans; there is no doubt about it. But then, has the Government done any evaluation of the performance, efficiency and contribution of the nationalised banks to the economy of this country?

This House will be surprised to know that the present system has, unfortunately, resulted in creating regional imbalances and regional disparities. I shall give an example. The Finance Minister would be stunned to know this. The national average of credit-deposit ratio is now approximately 72 per cent. It was the same in December, 1977, also. I want to know why, for three States, U.P., West Bengal and Assam, it is less than 45 per cent. Funds being mobilised in these States are being advanced or utilised in some other States and this has led to some regional imbalances and regional disparities in these areas. In Bihar, Orissa and Himachal Pradesh this ratio is less than 30 per cent. Whereas the national average is 72 per cent, in the case of three States, U.P., West Bengal and Assam, it is less than 45 per cent and in the case of Bihar Orissa and Himachal Pradesh, it is less than 30 per cent.

Similarly suppose the total advances to the agricultural sector for the entire country is 100; out of this 100, 60 has gone to six States. The House will be stunned to know that 60 per cent of the advances to the agricultural sector has been consumed only by six States—40 per cent by four States, namely, Tamil Nadu, Karnataka, Andhra Pradesh and Kerala and 20 per cent by Gujarat and Maharashtra. Of the total

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advances to the agricultural sector in the country 80 per cent has gone to six States and that too, having a total rural population of only 35 per cent. This has led to regional disparities in the whole system. This needs to be looked into.

The six banks which have been nationalised recently have shown an annual growth rate of practically 176 per cent. Their advances have been more than 130 per cent—the annual growth rate. Now, these banks were making huge profits as against the Scheduled Commercial Bank made a profit of 3.7 per cent. The profits of these banks which have been nationalised now as against the profits of Scheduled Commercial Banks rose by 15.4 per cent. The government has to see, after all, what is the purpose of nationalisation that way.

One important thing I would like to say and the Finance Minister would be kind enough to look at it. The present banking system in our country is contributing to the generation or circulation of black money. You will be surprised to know how? Somebody wants to deposit Rs. 5 lakhs in a bank in a fixed deposit. He goes straight to the bank manager and puts straight on the table—'Here is Rs. 5 lakhs. Give me a FD receipt' Sir, this is black money that is deposited. A fixed deposit receipt is issued. The FD receipt is either kept in the bank or is destroyed on the spot and after 3, 4 or 5 years, when the period expires, the man goes to the bank says that he has lost the receipt, files an affidavit to that effect and gets a duplicate receipt issued and gets back the money. That Rs. 5 lakhs never finds a place either in any Savings Bank account or Current Account. This is one way of using the banking system to circulate and generate black money.

The second system is: you go straight to the Bank Manager. You say, 'Here is Rs. 5 lakhs. Give me

a Hundi. I want to send it to Bombay.' You send that Rs. 5 lakhs Hundi to Bombay. That man at Bombay will get the cash right at the table without the money coming into the accounts system and you send the goods to him without paying excise duty, without paying the sales tax and ultimately without payment of income tax. Sir, crores and crores of rupees are circulating through this banking channel and it is all black money. It neither comes into savings bank account nor the current account. I would like to know from the Finance Minister why it should not be made mandatory that anybody wanting to make a fixed deposit of say beyond Rs. 20,000 or Rs. 50,000 should have it first deposited in his savings bank account nor the current account and then only get the Fixed Deposit receipt issued. Again when it is encashed, it should be encashed by the depositor only through his account. That way the accountability will be there, otherwise, now the under table dealings take place. The manager is known to you and you cannot be caught red-handed by CBI raid or by the Income-tax Surveillance Department because you do not keep the receipt at your house. You destroy it and at the time of encashment, you file an affidavit and have a duplicate receipt issued and then you get it encashed. I am sure, Sir, not less than Rs. 4000—5000 crores of black money are finding circulation in this way through the banking channels. I said it publicly sometime back also when I was a Minister—not in charge of banking but I said it publicly—when I went to inaugurate a bank. Though some objection was taken, but I said that because I felt like that. Now 'You rectify these matters.' But nothing was done as the government unfortunately and this House also unfortunately have no control over the banking industry. What do the banks do? The Reserve Bank is there. In the name of autonomy the Reserve Bank does what it wants and the banks do what they want to do actually, and the Finance Minister is absolutely helpless in the matter. He can do nothing. We, from this House, have two members elected

to the Coffee Board. We have got two members elected to the Tea Board to the Central Education Board, to the Medical Education Board, etc. I want to ask the government—what about this banking industry where crores of rupees are invested and which controls the whole economy. Here this House does not find any representation on the Board of Directors of the nationalised banks. Why should there not be a law or why not this House pass a resolution whereby we have got one or two Members on the Board of Directors of nationalised banks? This is my suggestion. It is for the House to consider. It is for the government to consider. After all representation should be there in order to keep them under control.

Regarding the Directors also I would like to draw your kind attention that the Directors who are appointed come from a specific region, from a region which is the favourite one of the Finance Minister and persons who are the favourites of the Finance Minister. There are no rules, no regulations and no criteria whatsoever followed in the case of appointment of these Directors. This is very important in order to keep a control over the nationalised banks. Some criteria should be laid down, some rules framed and the House taken into confidence as to how these appointments should be made.

Thirdly, the Directors get a daily allowance of Rs. 30 for attending the Board meetings. But if he does not want to avail of Rs. 30, he can say, 'I want accommodation only.' Then he will get only Rs. 15 and he gets bank accommodation. Where will he get accommodation? He will get accommodation in the Taj Mehal hotel or in the Ashoka Hotel which costs the bank anything between Rs. 300 to Rs. 400 per day. The Government does not pay the Director straightway Rs. 200 or 300 for boarding lodging and everything. They will pay them Rs. 15 plus accommodation for them in the Taj Hotel and Ashoka Hotel. Is this not an anomaly? Has the government given thought to this

sort of anomaly? In addition, they are also given a car. The people who are appointed as directors have got their vested interests. They do not know anything about the business in the banking industry. In the name of artisans and in the name of agricultural sector, they go on appointing such persons. I only say that stricter scrutiny by Parliament is essential. Some rules and regulations should be framed for appointment of the directors in these particular cases. Otherwise we are going to have these anomalies for ever. We are not going to achieve whatever expectations this House has from the Banking industry. In this particular case the overhead expenses are high; wages are higher. Therefore, I say that if you want to expand the system of banking in the rural sector and if you want to provide better services, don't go by the national average of one branch for every 20,000 population. For example, in the case of West Bengal, there is only one branch for every 45,000 population; in the case of Rajasthan there is one branch for every 85,000 population. I say that licences should be given to open bank branches in those areas where the national average falls even below this figure. That is there should be one bank branch for 20,000 population. In the rural sector it is not necessary to open the branches of these scheduled commercial banks because the over-head expenses are high. I say why not go in for a massive expansion of regional rural banks so that the local people are recruited for this purpose. In that event, their services would be much better. Government should concentrate on this.

In 1978-79, when I was in Office, the Government had sanctioned 5,000 more branches for the whole country specially for the unbanked blocks. And for the three years 1980-83 we have already sanctioned opening of more branches. The whole emphasis should be on expansion of the regional and rural banks.

Lastly, Sir, I would humbly request the Finance Minister to pay his attention to the service rendered to the

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customers by the banks. Customer service is very bad. No body pays any attention in the Banks to the customers. Have a look at that. There should be more Parliamentary control and Members of Parliament should be on the Boards. More rural banks should be opened; Agricultural Development Bank of India like the I.D.B.I. should be set up particularly to cater to the needs of the rural agricultural sector. Similarly, for the smallscale sectors also, there should be a separate bank because in the last year or so we had seen that there had been very little contribution made on the agricultural and small scale sectors. At the end of March 1977, only Rs. 250 crores had been advanced. But the Janata Government, in March 1978, increased that to Rs. 1700 crores from Rs 250 crores. But, the figure is falling down.

So far as the vital sectors of economy are concerned, Government should see to it that the black money does not find a place in the banking channel. Directors appointed should be men of integrity and character and intelligence. There should be a representative from this House. If such steps are taken, I am sure, nobody will have any objection. If 91 per cent of the total deposits in the industry are within the control of the nationalised banks, and if Government is able to command the heights of the economy, there should be no alibi for the Government here after.

With these remarks and suggestions, I conclude by saying that I am not opposed to the nationalisation of banks as such. But, the nationalisation should not be for the sake of nationalisation. If it is for the good of the economy, if it is for the good of the country for commanding the heights of economy, then, I support this particular Bill.

SHRI P. RAJAGOPAL NAIDU (Chittoor): Mr. Deputy-Speaker, Sir, I congratulate our Government for nationalising these six private banks. Before nationalisation of banks it was

felt that Government was only interested in development of the private industries. After nationalisation, I am sure, they will cater to the needs of ordinary men be they in towns, cities or in rural areas. But in practice the aim is not being fulfilled and, as such, the Finance Minister must have a look into it and see that uniformity is there. The policy of issuing loans and also taking of security is different in different banks. This policy must be a uniform one. Again even in the same bank, namely, State Bank they will have one policy in one town and another policy in another town. So, there must be a uniform policy with regard to issue of loans, taking of security and giving service to the people.

With regard to taking of security by the banks the applicants are in dark. The legal advisers want certain documents to be produced and when those documents are produced some other documents are asked for. They do not ask for what they required at one time with the result that one has to wait for months together to submit these papers and in the process issuing of loans becomes delayed and difficult.

With regard to interest especially with regard to agriculturists the policy should be changed. They have to pay interest after every three months. If they do not pay in time the penalty is imposed with the result it becomes compound interest and one has to pay 24 per cent or 30 per cent ultimately. Therefore, the interest on loans given to agriculturists should be collected once a year as after every three months they are not going to get income. Then the interest charged from the agriculturists is very high. It is 17 per cent. The intention is that when we give loan to the poor people or to the rural masses then the interest must not be more than 6 per cent.

Mr. Deputy Speaker, Sir, it also becomes difficult for the rural masses to

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repay the loans when there is a famine or drought. Under such circumstances the payment of loans should be deferred and they must not be compelled to repay loans.

Sir, the scheduled banks are not serving the rural masses and, as such, the Government proposes to have agriculture development banks. I do not know the stage of implementation of this proposition. I will request the Finance Minister to come forward with a Bill to establish agricultural development banks. The regional rural banks are serving the rural population better. In Chittoor district there is no regional rural bank. I will request the hon'ble Minister to sanction a regional rural bank for Chittoor district.

With regard to self-employment schemes I would like to suggest that the application of the individual concerned should go through district industries centres even for rural industries. Today when for rural industries they propose to issue a loan to a certain person ultimately the banks reject his application. Now, in the district industries centres there is a representative from the bank and when all these people come together and propose to issue a loan then the bank will not have any objection to give loan provided security is coming forth.

Sir, the rural labour is not able to get any loan from the banks as they are not in a position to give a security. I want the Government to give security in certain cases like command area development schemes where it is not possible for the agriculturists to take loans from the banks because of some defects in the system or because of any other difficulty which is faced by them. The Government has to give guarantee to agricultural labour. Banks should issue such loans. If that is not done, the agricultural labour will not have any possibility of taking any loan at all to improve their condition. Banks should issue loans to

agricultural labour and also marginal farmers to purchase land because it is not possible for them to purchase land without these loans. So, I request the hon. Finance Minister to direct the scheduled banks to issue loans to agricultural labour and marginal farmers to purchase land.

Regarding allocation of funds to rural areas, I am very sorry to say, this is not much. In many States and in many places there are no banks at all. The allocation is not even seven to nine per cent. I request the hon. Finance Minister to increase the allotment or allocation to these rural areas.

Sir, I am very glad that the hon. Finance Minister had convened a conference of the Scheduled Banks Managers and asked them to allocate 40 per cent at least to implement the twenty-point programme. Likewise he must direct all the bank branches and all the Banks to see that loans are issued liberally. There are lead-banks in every district. They have made some surveys. They have fixed up some places where the bank branches have to be opened. I would like to say that those surveys are not comprehensive at all; they are defective. Bank branches have to be opened according to some formula. There must be some guidelines in regard to opening of bank branches. Where the areas are not banked, the scheduled banks have to give loans through cooperative societies. I want to give you one example. There is Kuppam taluk in Chittoor district. That is not banked properly. A milk product factory is coming up in Chittoor district. Milch cattle have to be purchased by the farmers and agricultural labour. There are no banks in Kuppam taluk except in Kuppam and V-Kota. So, they are not able to get loans because of this. If loans are given through cooperative societies by the scheduled banks, they will be able to purchase these animals. What I say is that in any State and in any place where there are no bank branches, loans should be advanced

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through these cooperative societies. It is not a new policy which I am advocating. It is being done in some places. But, if a uniform policy is followed in all places in this regard, then, it is quite possible for those who are not having banks in the rural areas to get these loans through co-operative societies.

About rural industries, I wish to point out, it is becoming very difficult for them to get loans. The Finance Minister should instruct the scheduled banks to issue loans liberally so that rural industries may develop. Thank you.

**SHRIMATI GEETA MUKHERJEE** (Panskura): Mr. Deputy-Speaker, Sir, I rise to support the Bill moved by the hon. Minister but at the same time, I would like to make a few observations about the shortcomings in that are left out as also in the functioning of the nationalised banks.

I feel that the foreign banks should have been nationalised long back. Everybody knows that these banks are big instruments in the hands of multi-national corporations as well as some of the known monopoly houses for their economic manipulations. But that is not the only reason. I draw the pointed attention of the Minister, through you, Sir, to the book written by Ex-CIA Agent, Phillip Agee, 'CIA Diary'. In this book, he has quoted the name of the First National City Bank used by the C.I.A. as a clandestine funding mechanism and for purchase of foreign currency. At present, the whole north-eastern region and many other regions are in turmoil and across party lines, many people are suspecting CIA hand in it. It is, therefore, high time that these foreign banks are nationalised.

Secondly, I agree with many hon. friends who have raised the point that this limit of Rs. 200 crores is not needed. In fact, it is necessary to nationalise all private sector banks

for stopping big business and speculators from utilising them; at least, it will open up the scope for stopping them. Not only that, the entire financial sector including incorporated general financial companies should be nationalised for the same purpose. I would like to ask the Minister why the Government is fighting shy in nationalising the foreign banks etc.

Further, I would like to give a few facts either to strengthen some of the observations already made by some hon. Members or to make some supplementary points. A point was raised by an hon. Member, Shri Satish Agarwal about the regional imbalance. In this context, I would like to quote the figures pertaining to my own State, West Bengal. You will pardon me when I am quoting these figures from my State; do not take me to be regional. This is only to support the contention made by our hon. friend. In West Bengal out of every Rs. 100 deposit in the branches of nationalised bank, Rs. 90 were disbursed by way of loan inside the West Bengal State in the year 1970. But in 1977, Rs. 93 got reduced to Rs. 66 only, that is our State lost Rs. 34 for every deposit of Rs. 100 in this period. I agree that some of it should be given to others also, but should we be the main people to shoulder this burden? In 1978 whereas West Bengal got 65 per cent of its deposits, Maharashtra whose shoulders are stronger than ours, got 76 per cent of its deposits. It is, therefore, very essential that there should be more equitable distribution in this matter.

My Deputy-Speaker, Sir, I have no time to go into the clauses which have been referred to by the Minister to support the Bill, but with full knowledge of those clauses, I would like to ask, the Minister whether on the basis of the performance of the nationalised banks, he can really claim that the spirit of these clauses have been implemented. I would say, it is not so. There are certain critics of nationalisation and they do not want nationalisation at all. However,

I do not want to throw the baby with the bath water, but the Government should explain how it is that even today in very essential sector, priority sector, the picture is very bad. Why should it be like this? The Governor of Reserve Bank has himself admitted that advances to large and medium industries have been raised by about Rs. 500 crores per year on an average during the past decade. What safety valves have been thought of, on this question? This is the position with regard to industry in general. Even about the small scale industries, what is the picture? Of the Rs. 1718 crores lent to the small scale industry till May 1978, the bulk has been pre-empted by the rich-managed small and ancillary industries, to take advantage of the Government's policy.

A large number of the declared 'small scale units' which get loans, are actually those set up by the kith and kin of top industrialists and also rich urban business men for whom these investments in small-scale sector with its concessions and incentives have been on additional means to make a fast buck.

The last and the most important part of it is the rural credit. Not only is the proportion between rural and semi-urban, and metropolitan and urban credit disastrous; but inside the villages also, the distribution is disastrous. In my own State, look at the metropolitan-urban credit. In 1977, 79.8 percent is metropolitan-urban credit. Rural credit is 29.2 per cent. Semi-urban is 21.4 per cent. But even in this very small rural credit, what is the position of the poor people—not only in my State, but everywhere under the sun? Look at the report given by an Agricultural University research team in Kanpur. They say: "As much as 83 per cent of all agricultural credit as extended by commercial banks for agricultural purposes in U.P. is being cornered by big firms." Look at the situation in

my State. Even in the operation of the scheme of differential rate of interest, the percentage of loans under this scheme, in December, 1977 and December, 1978 were only 0.22 and 0.24—not even upto 1 per cent. So, who is really reaping the benefit of nationalization of banks? It is doubtless that the priority sectors are getting more money. And more money is going to them; otherwise, we would not be supporting such measures. But even inside the priority sectors, people who should get the greatest priority are not getting the benefit. All these days, it has been happening; why is it happening during the last decade? It is happening because of the class nature of the Government at the Centre. Therefore, I draw the attention of the House to this, and say that unless the Central Government gives up at least a fraction of its concern for its class brothers in big industry, big business and rural rich, this pattern will never change. So, I do demand of the Minister to think over these questions and take adequate measures.

I am not in a position to suggest many things just now, because of shortage of time. I will suggest 1 or 2. In the rural scene, particularly in the matter of differential rate of interest scheme for small and marginal farmers, we have this guarantee business. Unless these guarantee requirements are changed, I don't think this pattern will change at all. So, Government will have to think as to how these guarantee requirements in the case of these people can be changed. Moreover if all the complicated procedures are to be undergone, I am sure this differential scheme will not work. We have to consider whether for small scale industries, loans in terms of material can be given. These questions should be thoroughly examined.

\*SHRI OSCAR FERNANDES (Udipi): Mr. Deputy-Speaker, Sir, after a decade yet another six very

[Shri Oscar Fernandes]

prominent banks of our country have been nationalised. I would like to welcome this step taken by the Government. A decade ago, fourteen important banks were nationalised and this move was appreciated and welcomed whole heartedly by the people of our country. From every nook and corner of the country people had expressed their happiness over this. By nationalising those fourteen banks the wealth of the nation was put to proper use for the good of the people. Now, we have reached the second stage. By nationalising another six major banks we have paved the way for rural development.

The banks after nationalisation have progressed very well. Also, the deposit mobilisation scheme has made good progress. Several branches have been opened with the intention of rural development and uplift of the masses.

Even though there is good progress after nationalisation we cannot be complacent about it—We have to look at the progress achieved by these banks. Now-a-days the banks are not helping the people to solve their problems. People cannot step into the bank for getting help. Some years ago people were welcomed to the banks. But this attitude has changed. Some personnel of these banks have not realised the purpose of nationalisation. According to the 20-point programme nationalisation of these banks in our country is a very important step. But, in the last two and a half years the purpose of nationalisation was not served. Nationalisation of these six banks should lead to the development of the rural masses. Nationalisation lead to the provision of job opportunities to the technically qualified personnel. But in the past two and a half years these qualified personnel have not been taken care of. Nationalisation also encouraged to start small scale industry. But, there are some sick units. For the improvement of these sick units a nursing programme is

there already. But I do not know why these sick units are allowed to become sick. Even when the need is only hundred rupees or thousand rupees the units have become sick for lack of finance and it is said that nursing programme is there for such units. But the banks should give the blood and they should see that the units do not become sick. Timely help would help such units to become self sufficient. I would like to explain one more major problem for the consideration of our hon. Finance Minister. The priority sector is not giving prominence to the housing project. For the common people a new project under ten thousand rupees should be made available. This project should be included in priority sector. This is my earnest appeal to the hon. Minister.

A number of branches have been opened in the rural areas, but all the villages have not been covered. Even where bank is opened, it is not helping the rural population, especially the educated unemployed. There are a number of educated youths in rural areas without employment and these youngsters may be deployed in the progress of deposit mobilising. L.I.C. of India will open branch if there is a need. In the first instance, they will open a sub-branch and if they come to know that there would be good business then, very soon the sub-branch would be upgraded as a branch. The banks can make use of the talents of the educated unemployed youths under stipendary scheme for mobilising the deposits, in sub-branches. When the mobilisation of deposits gets a progressive momentum then these sub-branches can be upgraded to branches.

Sir, there are several other important suggests to make. But due to paucity of time I am not in a position to cover all of them. I thank you very much for giving me this opportunity to speak in my regional Kannada. With these words I conclude my speech.

15.00 hrs.

SHRI T. R. SHAMANNA (Bangalore South): Mr Deputy-Speaker, I am not opposed to the principle of taking over non-nationalised banks.

MR. DEPUTY-SPEAKER: You can in your speech cover the points in the amendments that you have tabled.

SHRI T. R. SHAMANNA: I am to say that I am not at all happy that the fourteen nationalised banks which were taken over in 1969 have not come up to our expectations. They have been able to get larger deposits and open a number of branches and developed business in their own way but they have certainly not given the fruitful results that were expected of them.

In the first instance, they have helped a large number of big industries and big traders who got the financial help which they wanted. They have also helped the government as the funds of the nationalised banks have been invested in government bonds and other government investments. It has also helped to a considerable extent the employees of the Bank who are getting far better financial facilities than that being given to any other sector of industry. I may say here that the efficiency of the bank and the working of the staff is far from satisfactory. The staff wants higher salary, higher bonus but so far as work is concerned, it is very very unsatisfactory. They care more about getting their bonus and getting their overtime wages. But so far as work is concerned, they do it in a haphazard way and not to expectation.

These nationalised banks were expected to help the weaker sections of the people. No doubt, some of the banks have given advances to the weaker sections of the people, but it has not given the required help. The Finance Minister has given us figures regarding the deposits collected, num-

ber of branches opened and figures relating to other things. It would have been better if the Finance Minister could have given the following particulars—

How many persons of weaker sections have been given loan by these 14 nationalised Banks and what is the total amount of loan given or advance given to the weaker sections, how many of them used for the purpose for which it has been advanced and how many of them are paying instalments regularly and how much is outstanding and how much has become bad. Had these particulars been given, it would have been helpful to us to study how far these nationalised Banks have really helped the weaker sections. I hope the Finance Minister will give us some particulars in what manner these banks have helped the weaker sections. These particulars and figures would be of help to us.

A large number of branches have been opened but most of the branches have been opened in urban areas only. We have to see that larger number of branches are opened in rural areas at places where they have not got these banking facilities at all.

People take loan from the money lender. In Karnataka State under the Debt Relief Act in the case of persons who are of the weaker sections and whose income is less than Rs. 4,800 their debt loan is discharged. On this account, the money lenders are not lending any money now-a-days. They have taken to other trades. Nationalised banks are not helping these weaker people. They have no source to get this facility of loan. Government must take some urgent steps to see that some facilities are provided to such people—weaker sections of society—who engage themselves in trade or industry particularly in the rural areas. That has to be given top priority.

I do not say that these nationalised Banks have not done anything at

[Shri T. R. Shamanna]

all. In some cases I have found that these nationalised banks have given advances to auto-rickshaw drivers. I know that these drivers have in course of time, become owners of rickshaws.

In Bangalore City some of the petty traders and hawkers used to borrow money from these money lenders. They were paying Re. 1 as interest on Rs. 100 per day. The calculation comes to the rate of interest being 300 per cent. I helped about 100 of these people by getting loan from the banks. Most of them have discharged their debts. Everyday they are able to save something—in no way less than the amount they used to give as interest to the money lenders. They are now happy that they are able to earn something by way of their livelihood. I am saying this because if the people who actually need help are given help, they will be happy, and the purpose of nationalisation will also be achieved.

After nationalisation, one of the greatest drawbacks I find is the high rate of interest that is being charged, which ranges from 15 to 18 per cent. With heavy taxation and a rate of interest as high as 15 to 18 per cent, no industry or trade can survive or make a reasonable profit. Therefore, something has to be done to see that the rate of interest is reduced to the barest minimum, particularly in the case of those people who want to build up their economy.

In the Karnataka State, the land reforms Act enables the poor people to get lands, but what about the money required for buying the bullocks, plough, agricultural implements, manure, etc.? If land reforms are to be implemented properly, the weaker sections must be given financial assistance to enable them to produce something out of the land that has been given to them. Also, a large

number of sites have been given to the rural people. With empty sites, they cannot do anything. Some agency should be there to give them money to build the houses. About 7 lakh sites have been distributed, but hardly 70,000 people have built houses. A large number of them have no money to build the houses. So, steps should be taken to see how best we can help them to build houses.

With regard to the administration of some of these banks, I want to bring to the notice of the hon. Minister some of the facts I know. At one time, for every lakh of deposits—given to the bank, one appointment was given. In the case of Boards and Corporations that were keeping their deposits in the bank, the concerned Chairman or Director used to get a Fiat Car. We find that these banks are giving 10 or 10½ per cent interest.

MR. DEPUTY-SPEAKER: His time is up. He should conclude now.

SHRI T. R. SHAMANNA: Now-a-day for getting a loan from a bank one has to have some influence or one has to give some bribe. Corruption is rampant so far as granting loans is concerned. That has to be looked into.

Before taking over these six banks mentioned in the Bill, priority should have been given to the taking over of foreign exchange banks. Through the deposits made by Indians, these banks are earning several crores. So, all the foreign exchange banks operating in India should be nationalised before other banks are nationalised, because they are making roaring profits. They are helpful only to the foreign nationals in trade, shipping, insurance, etc. Even after 33 years of independence, we have not been able to nationalise the foreign exchange banks. The Government should take steps to nationalise foreign banks before they start foreign exchange banks in other

countries. Otherwise, it will be difficult for us to open foreign exchange banks in other countries. Even the smaller countries have nationalised the foreign exchange banks in their countries. It may not be difficult for a country like India to take over these foreign exchange banks. The Government must give thought to this proposal of mine *i.e.* to have branches of our nationalised banks in foreign countries. It will be helpful to our export trade and in building up our economy.

We find that through an ordinance six banks have been nationalised. The Government seems to have some motive in nationalising these banks because in 1969 before the parliamentary elections 14 banks were nationalised and just now, just before the Assembly elections in many States, these six banks have been nationalised. Of course, the ruling party may say that they have done it for the weaker sections, but I feel that it is a vote-catching device. They must see to it that the benefit of nationalisation must go to those people who are in need of it. I am sure, the Finance Minister will take steps to see that the country gets the fruits of nationalisation.

Furthermore, loans are being advanced by the nationalised banks to those people who have got some influence or who are helpful to the executives of the banks. In this connection, I am happy to say that now the recruitment will be done by the Banking Board after conducting a test.

For advancing of loans, some policy must be laid down so that there may not be any misuse of power and the lending of money is done on proper lines.

You have nationalised banks whose deposits were more than Rs. 200 crores. But I have an amendment. Banks whose deposits are more than Rs. 100 crores should also be nation-

alised. When 14 banks were nationalised, the minimum fixed was Rs. 50 crores and now you have taken it to Rs. 200 crores. Of course, in this period, the money value has gone down. But it will be better if you take over those banks also whose deposits cross Rs. 100 crores. Now, the bigger banks advance money to bigger institutions. The smaller banks may be made to advance money to smaller people. Therefore, I urge upon the Finance Minister to take over smaller banks whose deposit is more than Rs. 100 crores. This will help poor people living in rural areas. -zz

It is necessary that banks should give loans to petty traders, small agriculturists, weavers and other artisans. Otherwise, nationalising these banks will only benefit the bank employees, the Government and the ruling party because the ruling party can appoint their own men as Chairman and Directors of these banks. Therefore, if the banks are really to be helpful to the common man, it is necessary that strict rules are framed so that they can help the poorer sections of society.

With these words, I thank you for the time allotted to me.

SHR. K. T. KOSALRAM (Tiruchendur): Mr. Deputy-Speaker, Sir, while supporting the Bill I wish to say something about the administrative side of the banks. First of all, I want to know from the Minister why he has fixed 14th March, 1980 as the date on which these banks should have not less than Rs. 200 crores as deposits when the Bill comes into effect from 15-4-1980. Similarly, I want to know why the limit of Rs. 200 crores has been fixed while in the nationalisation of 14 commercial banks in 1969 the limit of deposit was just Rs. 50 crores. I want to know the reason for it.

I wonder why the Government hesitates to nationalise the National Grindley's Bank in which there was a strike of the employees for over 90 days just for urging upon the Government to

[K. T. Kosalram]

take over this bank. I do not think that the operation of the Indian Banks abroad would be affected in any way by nationalising the National Grindleys Bank. I would like to advise my friend, the Finance Minister, that the nationalisation of these banks should not result in disruption of normal banking activities. I have represented to him on several occasions—he would remember it—about the indiscipline in the State Bank of India branches. It is not even indiscipline, it is indulging in criminal activities. I will quote one instance of this. Recently in Delhi, the Capital of India, a Clerk of the Punjab National Bank slapped the Manager of the Branch and the Manager immediately died in shame in the precincts of the Branch. The Government is well aware of this. It has become common practice to gherao the officers, as if the officers are responsible for all these things. This is the thing going on everywhere. It is going on not only in one particular branch, but throughout the country.

Then, Sir, the Board of Management should reflect the hopes and aspirations of all the employees of the banking institution. You should appoint a representative of the workers as one of the Directors and he should be given an effective say in the Board of Management. Similarly, there must be also a representative of the well-known public. Nowadays the directors are all the nominees of the agricultural sector, this sector and that sector. Ninety per cent of them are Government staff. Therefore, nobody knows what is going on there. It would be better if some Members of Parliament can also be nominated in the Board of Management. That is my suggestion.

During the Emergency, everybody knows that the nationalised banks were working very effectively giving the impression that they belong to the common people of the country. The people also felt that the banks were their own financial institutions. But during the Janata regime the banks

became places of inaction. Everybody knows it. You ask any man in the street, he will tell you what the Janata Government has done. (Interruptions). During the Emergency period every common man felt that the bank was his own. Now it is the other way. I can prove it by a number of examples (Interruptions). Why do you interrupt my speech? There is no encouragement given to common people. The Chairman of these banks behave as if they are the owners of the crores of rupees invested in them, and they distribute the money to their friends and relations. That is very common now-a-days. You must look into it immediately.

The Banking Service Commission Act passed by the previous Government was repealed by the Janata Government. In order to avoid nepotism and corruption in appointments the Commission must be revived immediately.

Once again, I appeal to my friend, the Finance Minister, that he should advise the bankers to respect the common man. Now-a-days they are not treating people well. If the agriculturist goes to a bank, they ask, "Why are you coming here?" Whether they deposit money in the bank or not, they are not bothered.

During the the emergency, the hon. Minister himself knows, they huts of slum dwellers were washed away by the cyclone. The bank managers went to them and gave loans in the very presence of Shri Venkataraman. A percentage of the money has not been recovered, and on that score the bank people are now refusing loans.

PROF. N. G. RANGA (Guntur):  
They charge penal rates.

SHRI K. T. KOSALRAM: I request the hon. Minister that at least those who have repaid must be given loans again. The cases of the poor agriculturists and small scale industries should also be considered sympathetically.

The Bank Managers do not show such enthusiasm now. They do not give loans even to those who have repaid their earlier loans.

SHRI XAVIER ARAKAL (Ernakulam): I fully and wholeheartedly support the Bill introduced by our hon. Finance Minister.

By this enactment it is said that over Rs. 945 crores will be channelled into the priority sector in addition to the 40 per cent agreed to by the Reserve Bank earlier. This is a remarkable and bold step taken by the Government which in due course will have a far-reaching impact on the social and economic life of this nation.

In the preamble of the Bill, several reasons have been given, and it has been said in conclusion:

“.....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.....”

Clauses (b) and (c) of article 39 of the Constitution very clearly state the concept, philosophy and programme of our nation. In order to achieve those objectives and have a proper growth towards socialism, this nationalisation is imperative. When the Bill of 1969 was passed in 1970, it was stated that banking would change from “glorified urban pawn shops to social banking.” How true! it can be judged from the tremendous impact nationalisation has had on our social and economic life. We can see in the agricultural sector alone how far we have advanced in our endeavours, in improving the life of the poor people of this nation. If you look at the account-holders and credit-deposit ratio in the agricultural sector alone, that will show how vital is the nationalisation of banks. Various agencies like SFDA, MFAL, IRDP, CPA, DPAP have put their wholehearted effort in uplifting the rural life in our country. These agencies are the product of the nationalisation of banks in our country in 1969. There has been

a phenomenal growth in the number of branches. Where are they located? A majority of them are in the rural areas. With regard to the policy of granting licences for opening about 6,500 branches, I would like to draw the attention of the hon. Minister to the Report prepared and submitted by James Ray Committee in this regard. I do not want to go into the details of the Report. But I hope that the hon. Minister will bear in mind the recommendations of the Committee while granting licences for opening new branches in the rural areas. The resources of the rural areas should not be taken away to the urban areas. The statistics shows that there is a decrease of 40 per cent in the credit-deposit ratio in the rural areas. If that is a fact, I beg that this must be taken serious note of. The rural wealth of our nation should not be taken away for the development of urban areas. We should have a policy to see that the credit-deposit ratio is maintained in the rural areas.

Mr. Agarwal was talking about the growth of economy as a whole and he was making some criticisms. But I would like to point out that there is a drastic change and now the emphasis has shifted from large scale industries to small scale industries and if we look at the figures, we will be convinced that it is all a product of nationalisation of banks in 1969. The whole life in rural area is lively now. Each one is trying to improve his/her life by making use of the nationalised banks to a large extent. Considering the improvements and achievements, I am convinced that the nationalisation of the banking system, as a whole, is imperative, and also mandatory for the upliftment of the poor. The nationalisation of six private sector banks recently is a courageous step towards achieving socialism.

I would like to point out a serious defect or flaw that was there after the nationalisation of banks in 1969. A Government Report has stated that “The major beneficiaries have been the wealthier parts of the population, both

[Shri Xavier Arakal]

in rural and urban areas and the vast majority have been barely touched." If such is the case, I beg the hon. Minister to take serious and drastic steps to see that the poor get the benefit of nationalisation. Why is it that in our country 50 to 60 per cent of our people are still below the poverty line? That is because many of these institutions are not willing to give the necessary help to the poor, which they ought to.

I would like to point out another fact, which this hon. House should take note of. There is a lot of anti-nationalisation propaganda going on in our country. We know as to who are behind this anti-nationalisation propaganda and how far they have succeeded or are trying to succeed in their attempts. The economic growth since nationalisation will indicate that it is a myth alone, not reality that nationalisation will destroy it. We have improved a lot in our savings and investments after nationalisation. There is a contributory factor to the anti-nationalisation propaganda and that is the low productivity and profitability of nationalised institutions. The present figures show that only Rs. 28 crores is the profit. That means, the profit as related to the total income has decreased to 2.01 per cent from 2.18 per cent in 1979.

Another point which I would like to bring to your notice is that there is a high rate of inflation. The credit inflation is high in our country. It is mainly due to strikes resorted to by employees. My submission is that it is time that we seriously take note of these wild-cat strikes in the essential services. They are holding the nation to ransom. There are disruptive elements which are holding the nation to ransom. The present Government must take a serious note of these tendencies developing in our country to disrupt the economic life of the nation.

My hon. friend, Mr. Satish Agarwal, said that a lot of frauds and manipula-

tions are going on in the nationalised banking system. This also should be taken note of by the hon. Minister.

Referring to clause 2(a), it says, "banking company does not include a foreign company. My submission is that there are some foreign banks operating in our country and I ask what is their role in our country and how far they can go on with their activities in our country. There are 39 scheduled banks in our country. What is the role of these 39 scheduled banks in the context of nationalisation and article 39(b) and (c)?

Referring to clause 6(2)(a), it says, "payment in cash which amounts to Rs. 18.50 crores. In my humble opinion, I submit, that that will be contributing to the high trend of inflation in our country. Already there is 20 per cent increase in the inflation rate. Why cannot the Government stop making payment in cash and put this amount in securities? This also may be taken note of.

Finally, referring to Chapter IV, Management of corresponding new Banks, there is clause 7(2) about the Board of Directors. There also I agree with Mr. Satish Agarwal that we should have a look at the functions and responsibilities of the Board of Directors.

Again, there is clause 9, sub-clause (3) which says:

"Every Board of Directors of a corresponding new bank, constituted under any scheme made under subsection (1), shall include—

(a) representative of the employees, and of depositor of such bank; and

(b) such other persons as may represent the interest of each of the following categories, namely, farmers, workers and artisans."

My submission is that this categorisation is not enough. It should have a

wider angle wherein the representatives of the people should also be included.

With these remarks, I fully support the Bill presented by the hon. Finance Minister.

**SHRI M. RAM GOPAL REDDY** (Nizamabad): Sir, after 1969, fourteen banks were nationalised and this is the second step which this Government has taken to nationalise another six banks. Thus the total number of banks has become 20.

Now, I want to know from the Minister how many times, from 1969 onwards, the bank employees have gone on strike. Madam Gandhi has said several times that these bankmen and also the employees of Indian Airlines, Air India and other highly placed....

**MR. DEPUTY-SPEAKER:** When you were in the Opposition, you would have supported some strikes!

**SHRI M. RAM GOPAL REDDY:** They have done a lot of harm to this country. During Janata rule they stopped clearance of cheques for several days and thus they have almost wrecked the economy of this country. I want the Minister to see that these people do not go on strike. Madam Gandhi he said that unless and until the poor worker in the village gets something, these highly paid persons should wait for some more time. I have already said on the floor of this House that if highly paid people drawing more than Rs. 1000/- or so go on strike, they must be summarily dismissed. Unless and until this is done, there will be no discipline in this country. One can understand a poor man agitating for more wages. If it were a man drawing Rs. 200 to Rs. 250 or Rs. 300 to Rs. 350 one can understand but if a man drawing Rs. 1000/- or Rs. 800/-, sitting in an air-conditioned bank, goes on strike, it is only mischief, I would say. Moreover, after the take-over of the banks, the employees have got no fear. They just form some Unions and they want

all benefits from banking institutions, while in return they give very little.

I want to say one thing. People must take money from the banks, but they must return it. We can take water from the tank, but the tank must be filled up again. Suppose you go on drawing water from the tank, if it is not filled up again it becomes empty soon. If people who do not deserve it, take money from the banks, the bank will become bankrupt. Previously, one bank used to be bankrupt while another bank used to be sound. Now that they are under the Government of India, the Government of India should take care to see that every bank makes some money so that it can give some money to the exchequer, and some to the shareholders and employees also. Unless and until this system is introduced, the employees should be told very firmly that they cannot have their own way, that they have to look to the interests of this country and of the banking institutions—the life-line of this country.

I hope that under the leadership of Mr. Venkataraman the banks will prosper. Mr. Venkataraman, as you know, is the model-maker of Tamilnadu and he has very good opportunity to make our country prosperous.

Thank you.

**MR. DEPUTY-SPEAKER:** The Minister will now reply.

**THE MINISTER OF FINANCE (SHRI R. VENKATARAMAN):** Mr. Deputy Speaker, Sir, I am grateful to this House for the support they have given to the measure. On an occasion like this, one would like to review the working of the nationalised bank in the last ten years. Several suggestions have been made for improving the working of the nationalised bank and also for improving their services to the weaker sections as well as rural and agricultural population. Broadly speaking, there was some suggestion that there should be an evaluation of

[Shri R. Venkataraman]

performance of the nationalised banks. I wish to point out that, so far as the results of the banks are concerned, they are available, and there does not seem to be any need for a separate evaluation. If you look at their performance in the last ten years, it has been very creditable. If you take the number of branches, it has increased from 6596 to 25028. What is more, during this period, the number of branches in rural areas came to 46.9 per cent, in semi-urban areas 24.6 per cent, in urban areas 15 per cent and metropolitan areas 13.5 per cent. Therefore, the emphasis that we want to place on rural development is amply borne out by the fact that a number of these branches have been established and developed in the rural areas.

The other function of the bank is to mobilise resources. Even here, the performance of the nationalised banks has been very creditable. From a total deposit mobilisation in 1969 of Rs. 4,000 crores.

SHRI SATISH AGARWAL: Rs. 4,800 crores.

SHRI R. VENKATARAMAN: No, 4,083 crores. The total deposit mobilised by these nationalised banks and the State Bank has increased to Rs. 25,977 crores, a performance of which one should be really proud.

If you take the assistance rendered to the priority sector, that is, the weaker sections of the society, a sum of Rs. 6,000 crores has been given to this sector, and the break-up of this is: in agriculture, direct assistance is Rs. 1,997 crores and indirect assistance Rs. 500 crores; small scale industries Rs. 2,347 crores; transport and other things go to make up Rs. 6,000 crores. Therefore, I want to point out that, so far as the banks' performance is concerned, it has been of a very remarkable order.

I will now proceed to answer some of the points raised in the debate. I will

take up Mr. Mr. Satish Agarwal's points first because some of them were repeated by a number of Members.

The first question that he asked was why it was necessary for us to fix 14th March when we were going to nationalise them on the 15th April. The reason is very simple. You must get data with regard to deposits with the bank and you cannot get it on the previous day. You fix a prior date by which you can get the correct data about the banks which you are going to nationalise. Therefore, we fixed a date, one month before the date of nationalisation, and those banks having a deposit of over Rs. 200 crores on a date, one month prior to the date of nationalisation, were brought under the nationalisation scheme. My friend will also realise that, even in 1969 when 14 banks were nationalised, the same procedure was followed. The banks were nationalised on July, 19, 1969, but the date fixed for the purpose of ascertaining the 50-crore figure was the last Friday of June, 1969. So, this was only for the purpose of certainty, and there was no sanctity about 14th March.

The second point which he raised was why we fixed Rs. 200 crores for nationalisation. At the point of the banks having Rs. 200 crores we were practically controlling 91 per cent of the entire deposits of the country. We did not want to take up everything. For one thing it will be difficult to take all the banks at the same time and nationalise. We are not committed to the principle of nationalising all the banks...

SHRI JHARKHANDE RAI (Ghosi): How many banks are there in the country at present?

SHRI R. VENKATARAMAN: I cannot say.

SHRI JYOTIRMOY BOSU (Diamond Harbour): We will tell you why you nationalise.

SHRI JHARKHANDE RAI: 204.

**SHRI R. VENKATARAMAN:** The present level is Rs. 200 crores. Why we had to fix about Rs. 200 crores is also very relevant. In nationalising banks we have to see that the government did not make any improper discrimination. If we nationalised a bank which had Rs. 200 crores and there was another bank which had Rs. 199 crores, then it will be struck down...

**SHRI JYOTIRMOY BOSU:** Dispensing justice.

**SHRI R. VENKATARAMAN:** The Supreme Court would say that there was an improper discrimination. Therefore, we said: let us take a figure from which the next man would get at least Rs. 30 to 40 crores less. So, after these six banks, the bank which comes next had only about Rs. 150 crores...

**SHRI JYOTIRMOY BOSU:** Only!

**SHRI R. VENKATARAMAN:** Only, because you know that if you take all these banks together...

**AN HON. MEMBER:** What is this running commentary, Sir?

**SHRI R. VENKATARAMAN:** Mr. Deputy Speaker, Sir, Mr. Jyotirmoy Bosu did not get a chance to speak on this Bill...

**MR. DEPUTY-SPEAKER:** He is going to speak on the Third Reading.

**SHRI JYOTIRMOY BOSU:** I have given due notice.

**MR. DEPUTY-SPEAKER:** You have given your name for Third Reading but you are exhausting everything now.

**SHRI JYOTIRMOY BOSU:** Nothing. It is only the tip of the ice-berg.

**SHRI R. VENKATARAMAN:** Sir, he must make his presence felt in the House always. Sir, it used to be said of Churchill that he must always make his presence felt. So, if he went to a wedding, he must see the bridegroom and if he went to a funeral, he must see the corpse.

**SHRI JYOTIRMOY BOSU:** You are provoking me to do an act of crime.

**SHRI R. VENKATARAMAN:** Therefore the point is that since we did not want to have a very large number of banks in the scheme of nationalisation and since we wanted to allow 10 per cent of the deposits in other private hands, it was decided to nationalise those banks which had more than Rs. 200 crores as deposits.

The third question which was raised was: why was this urgency?

**SHRI JHARKHANDE RAI:** What about foreign banks?

**SHRI R. VENKATARAMAN:** Please wait. I am not one of those who leave any point out. Only you have no patience...

**SHRI JHARKHANDE RAI:** Thank you.

**SHRI R. VENKATARAMAN:** The third point was: why was this urgency? If this criticism had come from any other member I would not have been surprised, but that a former Minister should have raised it, really caused me a real shock, not a surprise. You know in case of nationalisation of banks, if the information had leaked out an hour or so before they could play such ducks and drakes with the account to manipulate it in such a way that it would have caused a great deal of harm to the nationalisation itself. On the other hand, I expected Mr. Agarwal as well as others to compliment me on the way the six banks were nationalised without a whisper being known outside.

The next point was that there have been some regional imbalances. I concede that there are regional imbalances. But they are brought about by conditions which had existed already even before the nationalisation scheme was brought in.

For instance, in West Bengal where I myself noticed that the development of rural banking was not on par with

[Shri R. Venkataraman]

that in the other areas, I arranged for a meeting of the bankers in Calcutta and took steps to see that some effective action was taken to increase not only the number of branches but also the credit facilities in those areas. In each area there has been one or the other of some handicap or a sort of hurdle for expansion of rural credit. For instance, in West Bengal, the hurdle was that the agricultural population there did not have the correct record of rights. Without the proper record of rights, it would be difficult for the banks to lend. Now that is being rectified. With proper record of rights being created, it is possible to increase the flow of credit to the people of that area.

In fact, I have created a group under the Chairmanship of the Reserve Bank Governor with a representative of the State Government and the lead banks of that State to go into that question to see how best that can be rectified. It was also pointed out by my esteemed friend, Shri Satish Agarwal that in Rajasthan also there are regions in which there are imbalances. I shall certainly take that into account and try to rectify that. I shall do that whenever it is brought to my attention that there are imbalances in credit distribution and I shall see to it that that is rectified. Shri Agarwal also pointed out that the profits made by the nationalised banks were low while those made by the private banks were high. That is obvious. The nationalised banks rather owe a duty and an obligation to see that a certain percentage, namely, one per cent, of their total lending should be given under the differential interest rate system under which they will have to lend at 4 per cent. And nearly 33 per cent goes to the priority sector at concessional rate of interest. Naturally, when 40 per cent of their lending goes to the priority Sector, they cannot earn profit like the private banks who are not compelled to do that. Therefore it is no wonder that some of these banks have been making profits. In order that the public may be served

properly, in order that the weaker sections may be served adequately, it has become necessary for us to take over all these banks which have just now been nationalised so that the credit facilities might be available to the priority sector at concessional rates of interest.

Then Sir, the next point which was made by my friend, Shri Agarwal is that a lot of black money passed through the banks. Well he had been a Minister before and he must have got a lot of information on the subject. I wonder why no action was taken during his period. I shall take this information and try to see how best the banks can be prevented from being an instrument in the investment of black money. I shall see that the banks are not misused for that purpose.

16.00 hrs.

There are other suggestions made which are under consideration. I shall certainly see how best we can prevent the banks' being misused for this purpose. One suggestion which has been made by Shri Agarwal, Shri Daga and Shri K. T. Kosalram and a number of others is that Members of Parliament should be represented on the Board of Directors of the Banks. The present composition of the Board of Directors is this. There is one representative of the farmers, one representative of the artisans, one representative from the depositors, two from the workers, one from employees and one from employers and five representatives taken from the public who have expert knowledge in the field of banking economics, industry, business etc. Well I know the traditional answer which is being in cases like this saying: 'No.' No. There should be no political interference from the Members of Parliament in the banks. I am not going to give that answer. I shall have this suggestion examined afresh and shall give my best consideration to this idea.

Sir, the point was that the regional rural banks had not developed very fast. I wish to point out that the previous Congress government initiated a

drive for the regional rural banks but then the Janata government when it came to power questioned the wisdom of the regional rural banks and they wanted it to be evaluated and practically put a stop to it. They appointed Dantwalla Committee. Until Dantwalla committee reported about two years later the development of regional rural banks was practically held up. The Dantwalla committee ultimately came to the conclusion that the rural banks are really to the advantage of the people and now we are taking it up with a measure of vigour and we shall put through a number of regional rural banks.

Sir, the question was raised by a number of hon'ble Members as to why foreign banks are not nationalised. I may inform the hon'ble Members that there are 127 branches of various foreign banks in India and we have 128 branches of our banks abroad and on the policy of mutuality if we nationalise these banks we will have to close down our banks abroad. (*Interruptions*)

16-03 hrs.

[SHRI HARINATHA MISRA *in the Chair.*]

It may be the policy of some of the people in the Opposition to have the

foreign banks nationalised but we have given no such commitment in our election manifesto and we are not going to adopt your election manifesto. Our policy is not to nationalise the foreign banks. Our policy has been endorsed by the electorate and your policy has been rejected and as such, I do not want to endorse your policy.

AN HON. MEMBER: My submission is why we should be compelled to close down our branches outside if we...

SRIH R. VENKATARAMAN: I may inform the hon'ble Members that when we nationalised insurance we were asked to close down our branches in other parts of the world. Then we had to negotiate. (*Interruptions*).

This is not possible. We are not committed to that policy and therefore, we cannot accept it.

Then, Sir...

SHRI K. P. UNNIKRISHNAN (Badagara): I wish to ask you about the State Bank branch in Paris. Mr. Minister could you tell us what has happened to the State Bank Branch in Paris. Have you been able to open this?

SHRI R. VENKATARAMAN: I have no idea.

PROF. RUP CHAND PAL (Hooghly): Sir, these foreign banks operating in our country are able to accumulate huge assets here. In comparison with this, our banks working abroad have got only 120 branches. Their business is merely symbolic.

SHRI R. VENKATARAMAN: I have stated repeatedly about the policy of the Government. We have been returned by the electorate on the basis of certain programmes which we have advocated. Our policy is not a nationalise foreign banks for the simple reason that we want to carry on with our branches of banks which are functioning in the foreign countries. Therefore we want to have this mutuality. And I think you can wait till you get a mandate from the people to do it!

Now, Sir, the next point which has been raised is about the advances to the agriculturists. Here again I want to show to you how certain increases have taken place which are remarkable. The amount which was advanced to the agriculturists at the time of nationalisation of banks in 1969 was only Rs. 162.33 crores and as on June, 1979 it is Rs. 2244 crores. While I do not say that we have reached our aim of covering almost 60 per cent of the agricultural population, what we want to assure the House is that we will ensure that Government would spare no effort to see that the advances given to the agriculturists goes on increasing so that we may reach the target which we have set before ourselves.

*Undertakings) Bill*

[Shri R. Venkataraman]

The other point which has been raised is that we should have statutory commissions like the Public Service Commission for recruitment and that we should have also some other body to oversee their functioning and so on. Well, I do not think that it is necessary because we have now already a Regional Recruitment Board and it seems to be functioning satisfactorily.

I think I have covered all the points which have been raised. Thank you.

SHRI K. P. UNNIKRISHNAN: There was a suggestion made that a committee may go into it.

SHRI R. VENKATARAMAN: I have already said that there is no need for any committee to oversee. I have already said that. The only point which I will take into consideration is the representation of members of Parliament in the boards.

SHRI SATYASADHAN CHAKRABORTY (Calcutta South): That point was raised by his party member. The Minister promised that he will answer all the points raised by members. A proposal was made by your own party member that workers working in the banks, getting rupees one thousand and odd, should not go on strike and if they go on strike they should be summarily dismissed. I want to know your view regarding that. That is all.

SHRI R. VENKATARAMAN: I am not expected to comment on every member's individual views. I am here only to represent the Government's point of view.

*(Interruptions)*

MR. CHAIRMAN: All of you may kindly resume your seats. Now I shall put the consideration Motion to the vote of the House. The question is:

"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."

*The motion was adopted.*

**Clause 2** (Definitions)

MR. CHAIRMAN: The Consideration motion is adopted; now we move on to Clause-by-clause consideration of the Bill. Now, Clause No. 2. Shri T. R. Shamanna. Are you moving the amendments?

SHRI T. R. SHAMANNA: I move the amendments. I do not want to say much. All that I have to say is this....

MR. CHAIRMAN: You have already spoken and covered the points.

SHRI T. R. SHAMANNA: I have spoken and I am not taking the time of the House. One or two words only I have got to say.

MR. CHAIRMAN: There are two amendments. Are you moving both these amendments? There are two.

SHRI T. R. SHAMANNA: That is next page, next clause.

MR. CHAIRMAN: Kindly hear me; on Clause 2, you have got two amendments, they are amendment No. 1 and amendment No. 2. They both stand in your own name. Are you moving both of them? If so, please move them. This is the stage when you have to move the amendments.

SHRI T. R. SHAMANNA: I am moving both the amendments, Amendment

No. 1 and No. 2 to Clause 2. I beg to move:

Page 1, line 10,—

after "foreign company" insert—

"which has deposits collected from persons of Indian origin less than fifty per cent of the total deposits of the bank" (1)

Page 2, line 4,—

for "two hundred crores" substitute—

"one hundred crore"(2)

I do not want to take much time of the House. The foreign banks have been completely left out from the scope of this Bill. I have suggested that as a first step, the foreign banks whose deposits collected from persons of Indian origin are more than fifty per cent of the total deposits of the bank should also be nationalised. Further, the original Bill envisages that banks whose total deposits are more than two hundred crores should be nationalised. I have moved my amendment to say that this limit should be reduced to Rs. one hundred crore only and the banks with more than Rs. 100 crore of deposit should also be nationalised.

The foreign banks have a lot of advantages here in comparison to our banks. Even smaller countries than ours have nationalised the foreign banks there. If the Government is strong, they can manage the affairs very well by nationalising the foreign banks. In the best interest of the country, it is very necessary that we nationalise the foreign banks. In the interest of building up the economy of the country, I expect that the Minister would accept my amendments.

SHRI R. VENKATARAMAN: I cannot accept the amendments and I have already given the reasons for that.

SHRI T. R. SHAMANNA: I seek leave of the House to withdraw my amendments No. 1 and 2.

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Amendments No. 1 and 2 were, by leave, withdrawn.

MR. CHAIRMAN: The question is: "That clause 2 stand part of the Bill".

*The motion was adopted.*

*Claus 2 was added to the Bill.*

*Clause 3 was added to the Bill.*

MR. CHAIRMAN: Are you moving your amendment No. 3, Mr. Shamanna?

SHRI T. R. SHAMANNA: No.

MR. CHAIRMAN: There are no amendments to clauses 4 to 8. The question is:

"That clauses 4 to 8 stand part of the Bill".

*The motion was adopted.*

*Clauses 4 to 8 were added to the Bill.*

*Clause 9 (Power of Central Government to make scheme)*

MR. CHAIRMAN: Now clause 9. Here is an amendment by Shri Shamanna. Is he moving it?

SHRI T. R. SHAMANNA: Yes Sir, I beg to move:

"Page 7,—

after line 14, insert—

"(c) one member who is an expert in Banking law and Practice." (4)

In page 7, i.e. Clause 9(3), it is said:

"Every Board of Directors of a corresponding new bank, constituted under any scheme made under sub-section (1), shall include—

(a) representatives of the employees, and of depositors, of such bank; and

[Shri T. R. Shamanna]

(b) such other persons as may represent the interests of each of the following categories, namely, farmers, workers and artisans,

to be elected or nominated in such manner as may be specified in the scheme."

The hon. Minister has just now said that 5 persons, including banking experts will be there. In the Bill, I don't find any specific mention of these banking experts. There should be experts for the proper functioning of the banks. There should also be people with experience. Particularly now when people are appointed as Directors for political considerations, it is necessary that experts should be there but according to the clause of the Bill, I don't find any person with banking experience being mentioned. The Chairman and some other members may have some banking knowledge. But I feel that in the absence of a specific mention, experts may not actually be there. Some members in the Board should be persons having expertise. Therefore, I have brought in this amendment. I request the Minister to accept this amendment, to see that there is an obligation to appoint experts in the Board.

SHRI R. VENKATARAMAN: The constitution of the Board is done under clause 9 of this Bill, according to the nationalization scheme. And in the nationalization scheme, I read out who are all the persons being considered—workers' representatives etc. There is nothing against any expert in Economics or Banking or other subjects being included. It is not necessary to provide for it in the Act for that purpose. I do not accept that amendment.

MR. CHAIRMAN: Mr. Shamanna, are you withdrawing the amendment?

SHRI T. R. SHAMANNA: I press my amendment.

MR. CHAIRMAN: The question is:

Page 7,—

after line 14, insert—

"(c) one member who is an expert in Banking law and Practice." (4)

*The motion was negatived*

MR. CHAIRMAN: The question is:

"That clause 9 stand part of the Bill."

*The motion was adopted.*

*Clause 9 was added to the Bill.*

*Clauses 10 to 21 were added to the Bill.*

*The First Schedule, the Second Schedule and the Third Schedule were added to the Bill.*

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

SHRI R. VENKATARAMAN: I beg to move:

"That the Bill be passed."

MR. CHAIRMAN: Motion moved:

"That the Bill be passed."

Shri Jyotirmoy is absent. Shri Ramavatar Shastri is also absent. Prof. Ranga.

PROF. N. G. RANGA (Guntur): Mr. Chairman, I like to congratulate my hon. friend the Finance Minister, the Ministry of Finance and the Reserve Bank for the splendid manner in which they have achieved this nationalisation without even a whisper anywhere as to how they were going to act and when they were going to act and so on. They did it in such an efficient manner. I had already personally congratulated the Minister a few days after this achievement was made by our Government. Sccondly, the Government has done the right thing so soon after they got the mandate from the people, they

proceeded with the nationalisation. There is already, I think, on the statute book a law that was passed at the instance of Mr. Morarji Desai for the social control of the banks. Therefore, I take it that all those banks which are not yet nationalised are also under the control of that Act and to that extent government should be able to control their activities in such a way that the same purposes, same objectives which are expected to be served by nationalising these big banks come to be served also. So, we need not be very sorry that those other banks also have not come to be nationalised. In view of the fact that the government is committed to gaining control over the biggest heights of capital accumulation, government has done the right thing and I am glad to be able to congratulate them.

I would like to make one or two suggestions. I do not expect my hon. friend, the Minister, to give his answer here and now, but I would like him to consider them. I am glad to learn that our nationalised banks are allowed to charge differential rates of interest for different types of borrowers, small industries, small scale industries and the agriculturists and agricultural workers also. Keeping that in view, I would like the government to consider possibility of further reducing these rates of interest. It is not necessary, as was suggested by Mr. Agarwal that these banks should be competing with other banks in making profit or other nationalised industries in making profit. Indeed, the best of times would come when these banks should work on no profit no loss basis as social institutions in order to subserve the social objectives of the government as a whole. But, under the present circumstances, some profit has got to be made in order to see that these banks are carrying on their business in an effective manner, in a competitive manner also. We should see that these banks are not expected to make huge profit. On the other hand, they should try to plough in

or utilise as much of their profit as they go on making for the benefit of these three priority interests by lowering from time to time, the rate of interest that they would be charging.

The period for which they would be advancing money and these rates and after which they would be charging penal rate. I would like my hon. friend to consider the possibility of having different periods for different types of borrowers. So far as agriculture is concerned, it should not be less than one year. In view of the seasonal character of agricultural production and the inability of the peasants from time to time to get liquid money into their hands to be able to pay according to the terms of an agreement that are being imposed by the banks.

I think after a period of three months or six months, penal rates are being charged at present. I want this period, initial period, to be not less than one year so far as agriculturists are concerned, especially in the case of agricultural workers, and their consumption loans and so on. Secondly, there should not be any penal interest in regard to these people. From time to time national disasters overtake agriculturists and crops fail. Under those circumstances, the local governments would be obliged to ask the banks to observe a moratorium. When they observe a moratorium, the banks are likely to lose their interest. Should we allow the banks to lose interest to such an extent? The next point is where is the guarantee that the local governments would show sufficient sense of responsibility in demanding a moratorium? As a kind of check on the state governments and also as a check on the degree of losses that the nationalised banks would be sustaining, I should like to suggest that whenever local governments are prepared to bear half the losses that would be incurred whenever a moratorium is sought to be declared by them on the loans advanced by the

[Prof. N. G. Ranga]

nationalised banks to the agriculturists, the nationalised banks should be willing to accede to the request of the state governments in a manner to subserve the interest of the agriculturists. If however the Central government is prepared to bear a share of this, it can be borne equally: 3.3 per cent Government of India, 33.3 per cent by the state government and 33.3 per cent by nationalised banks.

If they would give serious consideration to this suggestion, I am sure it would be possible to help the agriculturists to some degree. I should like this to be considered in depth in consultation with the banks as well as the Reserve Bank of India. Just at present the state governments are helpless *vis-a-vis* the Reserve Bank of India and the nationalised banks when disasters overtake these people and a moratorium comes to be absolutely necessary.

SHRI R. VENKATARAMAN: I thank Prof. Ranga for his compliments. So far as his suggestion is concerned, I should request him to send a letter giving out his scheme so that the Finance Ministry may examine this; it has to be done in consultation with the state governments also. Therefore, if a proper scheme comes, it will be taken note of by the Finance Ministry. I request the House to accept the Bill.

MR. CHAIRMAN: The question is.....

SHRI SATISH AGARWAL (Jaipur): Mr. Ranga's suggestion to reduce the rate of interest for DRI scheme, I think, may not be possible. His objective will be served if the present one per cent of the total advances under DRI scheme is made two per cent. That would be much better because more poor people could be covered. Reducing the rate of interest from 4 per cent to 3 per cent or 2 per cent may not be feasible. It would be better to increase the percentage. The Janata Government

doubled it from half per cent to one per cent; you can increase it from one per cent to two per cent.

With your permission, one more question...

SHRI R. VENKATARAMAN: Mr. Chairman, there was nobody here. Prof. Ranga spoke and I have replied. Now, if you go on asking further questions...

MR. CHAIRMAN: It becomes question hour. That is not proper. I shall now put the question. The question is:

"That the Bill be passed".

*The motion was adopted.*

16.30 hrs.

COMPANY SECRETARIES BILL—  
*Contd.*

THE MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI P. SHIV SHANKAR): I beg to move:

"That the Bill to make provision for the regulation and development of the profession of Company Secretaries be taken into consideration."

The important role of the corporate sector, within the framework of the planned programme of economic growth of the country, is well recognised. The healthy growth of the corporate sector is, therefore, a matter to which the Government attaches very great importance.

2. An essential ingredient in the healthy growth of the corporate sector is the induction of professional management. The Government attaches special importance to the development of professional management, so that the corporate sector can evolve and function in tune with the