

able to do. I think, therefore, that he does not need to repeat whatever he has said before, because he can only repeat it: there is no additional argument that he can advance.

SHRI C. M. STEPHEN: If you do not yield, I cannot say anything.

SHRI H. M. PATEL: I do not yield because I do not wish to give you more trouble.

And this is the most odd thing. When I maintained that these budget provisions will not result in inflationary tendencies, that we will be able to contain inflation, that we shall not allow prices to rise and that prices are in fact stabilised today, he said 'let the Finance Minister and the Janata Government live in the illusion of price stability'. We, Sir, live in no illusion. Unfortunately, perhaps the Hon. Member was not present when I replied to the debate and when I pointed out how the two indices⁹ the two criteria by which you judge the movement and trends of prices—the wholesale index and the consumer index—both these indices show clearly what the price position is. And both these indices form a method which not only this country but which the world recognises. Also, these indices were developed and formulated by the previous Government and the commodities and items that go into the working out of these indices were also determined by that Government. It is not a new thing that we formulated. It is on the basis of this that I maintained there is price stability and I would request my Hon. friend and the Opposition to bear in mind what I said in my budget speech: let them not create a price psychosis quite unnecessarily and let them not keep on saying the prices are rising when they are not rising. There is no need and end, in matters such as this, to try and gain any political advantage because it damages the country. In the national interest, I would request my Hon. friends opposite to keep away from unnecessary propaganda. It is a sad thing.

SHRI M. SATYANARAYAN RAO (Karimnagar) : One of your own Members raised the point.

SHRI H. M. PATEL : My advice will be the same to him also. There is no necessity to indulge in such talks, when it is not so. My Hon. friend had said 'go to the market and see whether the prices of pulses have gone down'. Of course they have not gone down because this is one commodity where there is shortage and there is no way of making good for the simple reason that it is not grown in other countries whence we can import : it can only be from within this country.

Shri Kalyanasundaram had a few points to make. But he has departed and so I think I will not say much on that.

With these remarks I would request that the House may now pass the Bill.

MR. SPEAKER : The question is :

"That the Bill as amended, be passed."

The motion was adopted.

16.45 hrs.

DEPOSIT INSURANCE CORPORATION (AMENDMENT AND MISCELLANEOUS PROVISIONS) BILL.

THE FINANCE MINISTER (SHRI H.M.PATEL) : I beg to move :

"That the Bill to provide for the acquisition and transfer of the undertaking of the Credit Guarantee Corporation of India Limited in order to serve better the need for providing credit guarantee to commercial banks, and further to amend the Deposit Insurance Corporation Act, 1961 and the Reserve Bank of India Act, 1934 and for matters connected therewith or incidental thereto, be taken into consideration".

Sir, this Bill seeks to provide for the acquisition by the transfer to the Deposit Insurance Corporation of the undertaking of the Credit Guarantee Corporation of India Ltd. in order to serve better the need for providing credit guarantee to commercial banks.

The Deposit Insurance Corporation deals with ensuring the safety of bank deposits. It was established on 1st January, 1962 by an Act of Parliament, with the object of giving a measure of protection to depositors, particularly small depositors, from the risk of loss of their deposits in the event of a bank's inability to meet its liabilities. When the Corporation was set up, a major part of banking in India was in the private sector. The State Bank Group was also brought within the purview of the Corporation so that its membership and consequential support, by way of insurance premia, of the Deposit Insurance Corporation would ensure the stability of the private sector of the banking system. Insured banks are required to pay to the Corporation premium at the existing rate of 4 paise per annum for every hundred rupees of their assessable deposits. The present limit of insurance cover is Rs.20,000 to a depositor in respect of all deposits held by him in an insured bank.

[Shri H. M. Patel]

The Credit Guarantee Corporation of India Ltd. was set up in January, 1971 under the Companies Act, 1956 to transact the business of guaranteeing and indemnifying of loans and advances granted by the commercial banks, cooperative banks and other financial institutions. One of the objectives of nationalization of the 14 major private commercial banks was that bank credit should be available to the weaker sections of the society, e.g. small farmers, small industrialists, self-employed persons and small transport owners and workers, in a much greater degree than hitherto. While the scheme operated by the Credit Guarantee Corporation of India is optional, a bank wishing to join this scheme is required to bring its entire lending to the specific sectors within the scheme. All commercial banks have joined the scheme in view of its advantages.

As the objectives of the two corporations are cognate, in that both seek to protect banks and depositor and since the resources of the Deposit Insurance Corporation are relatively larger as compared to the risk carried by it, while those of the Credit Guarantee Corporation of India Ltd. are relatively smaller, it is considered advantageous to transfer the undertaking of the Credit Guarantee Corporation of India Ltd. to the Deposit Insurance Corporation which will be renamed as the Deposit Insurance and Credit Guarantee Corporation.

At this stage, while commending the Bill for consideration, I shall confine myself to the relatively more important provisions. For the take over of the undertaking of the Credit Guarantee Corporation of India Ltd., by the Deposit Insurance Corporation, it is proposed to provide for the payment by the Corporation to the C.G.C.I. by way of compensation, an amount of Rs. 2 crores (which is equal to the total paid up capital of the company). The Deposit Insurance Corporation will take over all the assets, liabilities and business of the company. Provision has also been made for the winding up of the C.G.C.I. by the Central Government in course of time. The Deposit Insurance Corporation will carry the business of guaranteeing and indemnifying loans and advances granted by the credit institutions on payment of prescribed fees. The Credit Guarantee Scheme for small scale industries which is administered by the Reserve Bank of India on behalf of the Central Government, will continue to be so administered. However, an enabling provision has been included in the Bill that the enlarged Corporation may act as the agent for the Central Government

in guaranteeing the credit facilities granted to the small-scale industries concerned by the credit institutions at a later stage. The authorised capital of the Deposit Insurance Corporation is proposed to be increased from Rs. 5 crores to Rs. 15 crores in view of the additional business which the Corporation would have to undertake after the transfer of the undertaking of the Credit Guarantee Corporation of India. The Bill also includes certain amendments to the Deposit Insurance Corporation Act which are considered necessary in the light of the experience gained in the administration of the Act.

Without taking more time, I commend it to the House and I move.

MR. SPEAKER : The question is :

"That the Bill to provide for the acquisition and transfer of the undertaking of the Credit Guarantee Corporation of India Limited in order to serve better the need for providing credit guarantee to commercial banks, and further to amend the Deposit Insurance Corporation Act, 1961, and the Reserve Bank of India Act, 1934, and for matters connected therewith or incidental thereto, be taken into consideration."

The motion was adopted.

MR. SPEAKER : Now, we take up clause by clause consideration.

There are no amendments.

So, the question is :

"That clauses 2 to 9 stand part of the Bill."

The motion was adopted.

Clauses 2 to 9 were added to the Bill.

MR. SPEAKER : Now, the question is :

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

The motion was adopted.

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

SHRI H.M. PATEL : I move :

"That the Bill be passed."

MR. SPEAKER : The question is :

"That the Bill be passed."

The motion was adopted.

SHRI B. SHANKARANAND
(Chikkodi) : It should be "The Bill, as
amended ..."

MR. SPEAKER : No, no, there are no
amendments to the Bill.

SHRI C.M. STEPHEN (Idukki) :
Now, Mr. Patel is satisfied that we are very
co-operative.

MR. SPEAKER : Yes, you are very co-
operative.

SHRI H.M. PATEL : I thank you.

MR. SPEAKER : Now, we have finished
the day's business and for the first time we
are adjourning much earlier than the
scheduled time. Now, the House stands
adjourned till 11 a.m. on 2nd May.

16.52 hrs.

*The Lok Sabha then adjourned till Eleven
of the Clock on Tuesday, May 2, 1978/Vaisakha
12, 1900 (Saka).*