

**MR. DEPUTY SPEAKER :** The hon. Minister is assuring you again and again, what more do you want ?

*(Interruptions)*

**SHRI RAM NAIK :** Whatever has been told by the hon. Minister just now does not support it. But what the hon. Members have said that they are giving half an hour time to the Government, I think is correct and within that span of time the Government should clarify the position to some extent. Somebody is prepared to take 'Jal-Samadhi', but the Members here are not informed and suddenly the Government starts talking about review instead. We request to be informed as to what has been decided by the Government.

**SHRI RATILAL VARMA :** If it is to be done. *(Interruptions)* We will also take 'Jal-Samadhi'.

*[English]*

We are going to die for our Gujarat and for our people.

**MR. DEPUTY SPEAKER** You give some time.

*(Interruptions)*

*[Translation]*

**SHRI GABHAJI MANGAJI THAKORE :** How will we face our people in Gujarat when we go there ? *(Interruptions)*

*[English]*

**MR. DEPUTY SPEAKER :** What will happen ? Nothing will happen. Why do you unnecessarily worry ?

*(Interruptions)*

**MR. DEPUTY SPEAKER :** You cannot compel us like this. Shri Mukul Wasnik, you convey this to the hon. Minister of Water Resources.

Anyhow, we will be here up to six O'clock. Let us see.

14.12 hrs.

**STATUTORY RESOLUTION RE : DIS-APPROVAL OF RECOVERY OF DEBTS DUE TO BANKS AND FINANCIAL INSTITUTIONS ORDINANCE AND RECOVERY OF DEBTS DUE TO BANKS AND FINANCIAL INSTITUTIONS BILL— Contd.**

*[English]*

**SHRI A. CHARLES (Trivandrum) :** The country is facing a series of problems, after the scam has broken out. The whole economy of this country in a way has been shaken and even the confidence of the common man in the functioning of the nationalised banks is now broken. So, it is with some concern and anguish that I am participating in the present Bill which is now before the House. Banking is a business and there can be no difference of opinion that whatever is given as a loan will have to be repaid with interest as per the agreement, on the due date because the repayment of the amount is the basis of the functioning of the bank. Nobody will dispute that. To that extent, I support the Bill and I note from the Statement of facts that the Bill has been brought forward to fulfil one of the recommendations of the Narasimham Committee.

In paragraph 16 of the Narasimham Committee Report, it has been stated—

"The delays that characterise our legal system have resulted in the blocking of a significant portion of the funds of banks and DFIS in unproductive assets, the value of which deteriorate with the passage of time."

In that paragraph it has been clearly laid down that unless this amount is repaid within the time the whole banking operations will be defeated.

Actually in the Narasimham Committee there are a number of recommendations and I would plead with hon. Minister that we should have another impartial full-fledged discussion on the total impact on the economy in case all the recommendations of the Narasimham Committee are implemented. There are many recommendations that will have very far-reaching consequences.

The recommendation in paragraph 17 is as follows :

"For this purpose, the Committee proposes the establishment, if necessary by special legislation, of an Assets Reconstruction Fund which could take over from the banks and financial institutions a portion of the bad and doubtful debts at a discount, the level of discount being determined by independent auditors on the basis of clearly stipulated guidelines."

The next sentence is, I am afraid, a very very dangerous recommendation. It says :

"The ARF should be provided with special powers for recovery somewhat broader than those contained in Sections 29—32 of the State Financial Corporations Act, 1951."

There are various elements in this. For example, what are the norms to decide a debt as a bad debt and what is the process of recovery? There are certain concessions and discounts to be given but what is the proportion? Section 29 of the State Financial Corporations Act itself, I feel, is very arbitrary and gives undue powers to the Recovery Officer. I am mainly concerned with the very small, tiny industrial units which have availed very small amounts of loan but which have become sick because of a number of reasons. In Trivandrum I know, there are thousands of such units. I have a small association of small industries, most of which are sick. Their problem is that they took Rs. 20,000 or Rs. 50,000. I am talking only about small, tiny units. I know this Bill is brought forward for the recovery of amounts over Rs. ten lakh. This ten lakh rupees is not the amount that has been taken or borrowed from the bank. It is the total amount, including the accumulated interest. I shall come to that shortly. I will not take much time of the House but it is with greatest anguish that I am presenting this case before this august House because the whole tiny industrial sector is now in shambles. A man who has taken Rs. 50,000 for a small business, unfortunately for one or the other reasons, his unit may become sick. It may be either due to lack of raw material, or due to problem of marketing or due to lack of electricity

or because of delay in getting the clearance or because of lack of working capital. All that he has is about five cents of land or a small hut which has been pledged for taking the loan of Rs. 50,000. Now, at the end of six months, he has to pay one instalment which he was unable to pay. The second instalment also he was unable to pay. Finally, at the end of one year, whatever interest is there, that is added to the capital. It is a vicious circle. Rs. 50,000 loan which was taken becomes Rs. one and a half lakh at the end of five or six years. He might have paid about Rs. 25,000 in small instalments but that has all been credited towards the interest portion. So, the whole capital portion is there and the interest is also there. Finally, the bank will go to the court of law. There is a decree for about Rs. one and a half lakh. The Recovery Officer comes to take possession of all his property. This Section 29 gives undue powers to them. One fine morning he comes with the police, even without notice, and they take further steps for the sale and auction of everything and the small family will be on the streets. I feel that this arbitrary power cannot be given to a lower Revenue Officer and I feel that suitable amendments will have to be made to section 29 of the Act so that natural justice can be given to these persons.

The Narasimhan Committee Report says that when ARF is formed for the collection of bad debts, powers similar to that of section 29 should be given to them.

I request that action has to be taken for amending the arbitrary nature of section 29 of the Financial Corporations Act.

I am now coming straightway to the present Bill. In the Definitions part, clause 1(4) says that the provisions of this Act shall not apply... (*Interruptions*).

MR. DEPUTY SPEAKER : Mr. Charles, hardly ten minutes are available to everybody.

SHRI A. CHARLES : Sir, this is a very important Bill.

MR. DEPUTY SPEAKER : The point is that there are others also to participate in this debate.

**SHRI A. CHARLES :** I agree, Sir. I will talk only on three or four relevant clauses of the Bill and not go out of the Bill.

Sir, I do not want the banks to be like the blade companies and like Shylock. The banks have to fulfil the social obligations and that was the very basis of nationalisation of banks.

My friend Mr. Chacko was not here when I started speaking on the Bill. I said, I am only for the small tiny industrial sector with less than Rs. 50,000. Now coming to Clause 1, sub-clause 4, it says :

"The provisions of this Act shall not apply where the amount of debt due to any bank or financial institution... is less than ten lakh rupees...."

So, when the amount is Rs. 10 lakhs, there is a feeling that he is a rich man and why cannot action be taken against him because he has ten lakhs of rupees. But that is not the case. As I told you earlier, somebody takes Rs. 2 lakhs and the industry becomes sick which may not be due to his fault. Even if it is not his fault, he has to pay the money. I do not dispute that the money shall not be given. But there are cases which are out of control of that small entrepreneur. These two lakhs of rupees, within a period of six to seven years, become Rs. 10 lakhs. When that amount becomes Rs. 10 lakhs, it comes within the ambit of this Bill. But what is the amount actually taken? The amount actually taken is Rs. 2 lakhs.

I am glad that Shri Manmohan Singh is here. I know the concern he has for the poor. With that feeling, I am suggesting and making a request to him as to why cannot he change the whole concept of this; instead of saying Rs. 10 lakhs as debt due, you can say all those who have taken Rs. 5 lakhs and above as loan come in its ambit. That is a much more bigger amount. If somebody has taken five lakhs of rupees he is almost coming in tiny sector. He is in a comfortable position. But a person who has taken Rs. 2 lakhs, which ultimately become Rs. 10 lakhs, comes within the ambit of this legislation, what is the net result? Finally it goes to

the Tribunal. The Tribunal gives its judgement. If it decides that the whole amount shall be given, then he has a right to appeal.

Sir, on page 5 of the Act, Section 21 it says about appeal. I feel it is simply cruel. I quote :

"...such appeal shall not be entertained by the Appellate Tribunal unless such person has deposited with the Appellate Tribunal seventy five per cent of the amount of debt so due from him as determined by the Tribunal under section 19".

If he has to remit 75 per cent of Rs. 10 lakhs in one instalment for the appeal to be given, and if he has that amount he will simply write off the whole loan and start a new business. Sir, kindly permit me a few more minutes. I will tell one example of this.

There is a case at a place 10 kilometres outside Trivandrum, in my constituency where there was a most powerful contractor. Ten years back he got a contract for Rs. 80 lakhs. He was a well-known contractor. But I am not going to disclose his name because the poor man has committed suicide one month back. There was some problem; there was a great flood; one bridge was washed away and he had incurred huge losses. He sold all his property except his own house at a small site and a building where he was staying. He sold everything and cleared it out. He went to arbitration. He got an Award for Rs. 6 lakhs. Six years back he was fighting to get the six lakhs of rupees from the Government which they have refused to pay because of technical reasons. At that time all that he had taken was Rs. 3 lakhs only. At the end of eleventh year, this amount of Rs. 3 lakhs became Rs. 13 lakhs. The matter went to the court; there was a decree to auction his house for Rs. 13 lakhs. He had to get Rs. 6 lakhs, seven years ago. If that amount was given to him then, he would have paid the amount back, and he would have had Rs. 3 lakhs in his pocket so that he may start new industry. Sir, a day prior to the auction, in his huge building, he hanged himself and died. It was three weeks ago, in my constituency.

This is the fact of poor people who approach the banks. If you say that 75 per cent of the entire due is to be paid for filling the appeal, it is not correct. Sir, there is a proviso and I quote :

"Provided that the Appellate Tribunal may, for reasons to be recorded in writing, waive or reduce the amount to be deposited under this section."

Sir, when you are bringing forward such a legislation, kindly do not give such vast discretionary powers to small officers. After all, it is a statutory thing. The appellate authority, I know, is of the status of a High Court Judge. Just think of a situation of a man who has to pay Rs. 75 lakhs. If he has to pay Rs. 75 lakhs as 75 per cent of the debt amount, who could go and appeal? If the appellate authority is capable waiving the entire amount under this sub-clause, it will pave the way for corruption. I am sure it is a very bad thing and I would request that 75 per cent of the debt amount should be reduced to 10 per cent.

I also anticipate another contingency. Suppose the appellate authority revokes or sets aside the orders of the Tribunal, what would happen to these Rs. 75 lakhs estimated at the time of appeal as 75 per cent of the debt amount? After all, the appellate authority is not a rubber stamp to approve whatever is decided by the Tribunal. The 75 per cent of the amount must be in the bank. What are you going to do with that? You may say that the amount can be repaid. But you don't realise the problem of a man who is under a debt trap, how he would be able to make the 75 per cent of the debt for filing an appeal. So, this clause is not acceptable. I request the hon. Minister to bring forward an amendment to protect those who are under the debt trap.

Sir coming to clause 25, I may say that this is a very cruel clause.

MR. DEPUTY SPEAKER : Please conclude. If more time is given to you, every body demands more time. Really you have raised a very relevant point. Please conclude.

SHRI A. CHARLES : I am raising a more relevant point. Clause 25 says :

"The Recovery Officer shall, on receipt of the copy of the certificate under sub-section (7) of section 19, proceed to recover the amount of debt specified in the certificate by one or more of the following modes namely :—

(a) attachment and sale of the movable or immovable property of the defendant;

(b) arrest of the defendant and his detention in prison;"

You know the case of a man who has taken Rs. two lakhs. Later on it has come to Rs. ten lakhs. He is now a pauper. The Recovery Officer comes and attached his property and finally the man is arrested by an officer of the rank of Tehsildar. I cannot understand how such a very illegal legislation can be passed. Sir, you are a very capable advocate. Just think of the situation.

There are several clauses in the Bill. Clause 22 says that the procedure of CCP need not be followed. It is all a summary procedure. Not even the natural justice is given. So, I do not think care has been taken in drafting the Bill. So, I request the Government to have an open mind and bring forward necessary amendments. I am sorry to say that the Narasimhan Committee Report has not been discussed in this august House. In that Report there are references in more than 10 places that all the problems of the bank are because of political interference. Sir, Rs. 5000 crores of the scam amount has been taken away by the brokers and they have looted the country. May I know what type of political interference is there in the whole scam? I take strong objection to it.

MR. DEPUTY SPEAKER : Whatever you have said, the hon. Minister has noted down. Please conclude.

SHRI A. CHARLES : I request the hon. Finance Minister to have an open mind and bring a suitable amendment keeping in view the feelings and the anguish expressed by all the Members. So, please bring suitable amendments so that necessary changes will be brought and justice

can be meted out to those who go to the bank.

Sir, with these suggestion I wholeheartedly support the Bill.

[Translation]

**SHRI CHETAN P. S. CHAUHAN** (Amroha) : Mr. Deputy Speaker, Sir, I am grateful to you for giving me an opportunity to speak on the 'Recovery of Debts Due To Banks and Financial Institutions Bill' introduced by the Government. I had asked a question in September, 91 whether the Central Government proposed to constitute any special court to do something about the non-recovery of bank loans and sickness being crept in industries. It was told at that time that Tiwari Committee had already set up and its report was awaited and a special court would be set up only after the report of the committee was received. This Bill introduced here has been delayed by a few years. Had the Bill been introduced by the Government some 5 to 8 years earlier the outstanding Banks' loans could have been recovered. I would like to submit to the hon. Finance Minister, that would be better if he listens to me patiently and attentively.

[English]

**MR. DEPUTY SPEAKER** : He is hearing with rapt attention.

[Translation]

**SHRI CHETAN P. S. CHAUHAN** : The data submitted by the Government reveal that the public banks have filed around 15 lakh cases and financial institutions have filed around 304 cases. Government says that about Rs. 5600 crores are involved in these cases. But a study of the available data shows that the amount involved is not Rs. 5600 crores, but it is around Rs. 20,000 crores. In addition to this, the non-performing assets have also increased to 14.16%. However it is learnt unofficially that the non-performing assets have increased to 40% and the recovery position is worsening day by day, be it agricultural sector, small scale industry or large industry. It is a very serious matter.

Sir, an Asset Reconstruction Fund was proposed to be created according to the

report submitted by Narasimhan Committee. It is not known whether the Government had considered it or not, however it was vehemently opposed because it was claimed by the Government that the proposed Asset Reconstruction Fund would not only take care of the recovery position but would also take care of the requirement of working capital and rehabilitation of the Industries.

[Translation]

Since funds were not available with the Banks and with the Government, this reconstruction fund could not be set up.

Sir, I would like to submit to the hon. Minister that merely the setting up of tribunal will not serve the purpose. At the same time we will have to see the reasons behind this sickness. In my opinion this sickness is just a beginning. Those who started distributing loans by organising loan Melas were responsible for this beginning. Thereafter, a scheme of waving off loans upto Rs. 10,000 was announced and the people made a habit of not repaying the loans. And it is the only reason that the number of wilful defaulters is increasing. It is a very serious matter. If the wilful defaulters are not checked the matter can take a serious turn.

Sir, the another issue which will have to be looked into by the Government and the Ministry of Finance is the practice of diverting the loan income from investment which will have to be checked. The money is not being utilised properly. This is also one of the main reasons. Secondly, the appraisal of loan proposals submitted to Banks is not done in the right earnest. This is the biggest reason behind misuse of loans. This is also because of lack of supervisory staff. I am a member of the Standing Committee of Finance. This issue was discussed there. I have worked for thirty years in a Bank. From my own experience, I would like to state that attention will have to be paid to the aspect of supervision. There is shortage of supervisory staff in the branches and regional offices, that is why the Supervisory work suffers. That is why the loans become sick. On the issue of sickness, I...

would like to point out one thing and quote :

[English]

"Sickness often pays. Sick industrial units are granted various concessions and further advances under rehabilitation packages on soft terms besides waiver or writing off of past debts. The concessions are so attracted that even healthy units are tempted to go sick in order to avail the benefits. In a recent study conducted by one of the nationalised banks regarding various reasons for the units turning sick, it has been found that wilful default of borrowers account for nearly 31 per cent of the units turning sick."

[Translation]

It is a very serious matter. The hon. Minister of Finance should pay due attention to it. One thing noteworthy is that the quality of advances is deteriorating day by day. The first thing is that the Branch Managers of the branches which give loans are not trained and their attitude is also not proper. Documents become time barred. For instance, if a loanee acknowledges in writing a suit should be filed within three years in this regard. This is the reason that money cannot be recovered thereafter. The Branch Managers of Nationalised Banks should be retrained and they should be strictly instructed that documents do not become time-barred. Law of limitation also needs a slight change.

[English]

The law should be amended. The law restricts the bank to file suit within three years.

[Translation]

Steps should be taken to further enhance the period of three years.

[English]

MR. DEPUTY-SPEAKER : They are having legal advisers and they obtain legal advice. They will look into all those documents. So, the question of time limit does not arise.

[Translation]

SHRI CHETAN P. S. CHAUHAN : I would like to state one thing regarding

staff. The good workers are not given any incentive. That is why the sickness is increasing more and more. Clerks, Officers and Executives are not given any additional increment or some other incentive. No special increment or out of turn promotion is given to those who succeed in making handsome recovery. Previously good and qualified persons used to join Banking industry, but now we see the gradual deterioration. Industrious and honest persons are going to other sectors.

This is also a great danger. I would like to suggest that the two track system should be introduced and the persons who are industrious and have ambition to rise should be put under a separate system and avenues of promotion for them should be increased and the persons who do not want promotions and want to remain where they are should be put under a separate one. There is no transfer policy in Banks at present. This is also a discouragement.

The Narasimhan Committee had talked about the promotion of multifunctional Organisation. What is Government doing about that ? In its report the Committee had suggested that all the Banks including State Bank should constitute an organisation which should pay attention to recovery and rehabilitation and towards providing working capital to viable units. The Government should think over it also.

The issue of formation of National Rural Bank of India has been lying pending for a long time. The Regional Rural Banks are incurring loss of Rs. one crore every day. This has been discussed time and again. It has been discussed with the hon. Prime Minister and the hon. Minister of Finance too. I would like to request the Government to announce that National Rural Bank would be set up at the earliest. The Government is also thinking of merging these Rural Banks with nationalised Banks. I would like to point out that the entire concept of setting up of Rural Banks was to provide loans to farmers in rural areas through these banks, which will be defeated by merging rural banks into nationalised banks. Therefore, the National Rural Bank should be set up at the earliest so that there no more loss is

suffered in future. I have objection in respect of clause 21 of the Bill introduced by you.

[English]

"Clause 21 :

Where an appeal is preferred by any person from whom the amount of debt is due to a bank of a financial institution or a consortium of banks or financial institutions, such appeal shall not be entertained by the Appellate Tribunal unless such person has deposited with the Appellate Tribunal 75 per cent of the amount of debt so due from him as determined by the Tribunal under Section 19."

[Translation]

I would like to point out to the hon. Minister that a person who is in a position to repay 75 per cent amount of debt will immediately go to the Bank to put forward a compromise proposal. Therefore, this percentage may be reduced from 75 to 25. The Government has authorised the Appellate Tribunal to waive the loans, but the customers should not be asked to go to the Appellate Authority. Therefore, I request the Government to reduce it from 75 per cent to 25 per cent.

It has not been mentioned in this Bill as to how much interest should be charged on it. When the case is referred to the Tribunal would the Government impose contractual charges or would charge 6 per cent as suggested by it earlier? The two things are also needed to be clarified i.e. whether the interest would be charged on it or the case would be referred to the Tribunal?

In the end I would like to submit to the hon. Minister that you have stated that over 10 lakh cases will be referred to the said Tribunal, but you are recently giving permission only for 2 lakh cases. Therefore, I fear that this tribunal is not reduced to a Labour Court or Civil Court and its very purpose may not be defeated. The case should not take 10 or 15 years to be settled. Otherwise the entire purpose will be defeated.

I would also like to suggest that with the setting up of the Tribunal, the Banks

should also be instructed to pay greater attention to all the loan Units. The small cases need not be referred to the Tribunal.

I would also like to reiterate that due attention should be given to provide adequate incentive to the staff. The last but not the least, I would like to mention that in nationalised Banks the Headquarters, Zonal Offices, Regional Offices are heavily staffed whereas there is paucity of staff in the branches which results in unsatisfactory service to customers. On account of shortage of staff documents are not renewed, no visits or inspections of the godowns are made nor any unit is inspected. I, therefore, would like to request the hon. Minister to provide maximum possible staff to the branches. With these words, I welcome this Bill.

SHRI MOHAN SINGH (Deoria) : Mr. Deputy Speaker, Sir, after the serious bank scam, the Government has woken up to recover its debts due to the banks. Therefore, it has issued an ordinance for setting up a tribunal. But from the Bill brought to replace the ordinance it appears that the intention of the Government is not clear because whatever has been expressed publicly is not going to be fulfilled. The Government is saying that matters involving the amount of more than Rs. ten lakh will be presented before the tribunal and in special cases the matters involving upto even Rs. two lakh can also be reviewed by this tribunal. The number of cases will increase enormously, if this provision is made.

Mr. Deputy Speaker, Sir, what will be the composition of this tribunal? Will it be a judge of a status of a district judge or of a status of a High Court. Who will form the tribunal. If it is one member tribunal there would be no possibility of disposal of the cases early. So I would like to suggest that the Government should consider to increase the number of members of the tribunal. More tribunals should be constituted, so that matters could be decided and solved easily and early. Now I would like to say something about the powers of the Tribunals. I think that the Tribunal would have a power to appoint a Recovery Officer and the Chapter V deals with the powers of the Recovery Officer.

[English]

The Recovery Officer shall, on receipt of the copy of the certificate under sub-section (7) of Section 19, proceed to recover the amount of debt specified in the certificate by one or more of the following modes, namely :—

- (a) attachment and sale of the movable or immovable property of the dependent ;
- (b) arrest of the defendant and his detention in prison;
- (c) appointing a receiver for the management of the movable or immovable properties of the defendant.

[Translation]

At present this power of detention under CRPC and IPC has been given to some particular officials. The provisions of CRPC are approved by the Parliament after a discussion and if the tribunal delegates the powers of various sections of CRPC to any of its Recovery Officer to arrest or to send to jail and to attach the property of the defaulting party, then in my view it would be quite contrary to the existing laws of the country. So I suggest that a legal advice should be taken in this regard. What will be the status of the Recovery Officer appointed by the Tribunal? Will he be of a rank of sub-divisional Magistrate, Special Magistrate or 1st Class Magistrate, or the Tribunal would be free to appoint any ordinary person who in the eyes of tribunal is suitable for the job? And in my opinion, if you like him to act under various provisions of CRPC then it will invite a lot of litigation and it would not be possible for you to do this job. Therefore, it seems necessary to seek legal advice in the matter. I think if you do so, you will go against the Rules and Laws and moreover it is not under its jurisdiction. The powers of tribunals are vested in some particular officials under CPC. You cannot misuse the powers of CPC by treating it an Act of one department in the name of a Tribunal. For that purpose, all the sections of CPC, CRPC and IPC will have to be amended. Unless you do it, the Tribunals cannot function effective-

ly. So, I think that this ordinance has been issued in a hurry to satisfy the common people who had turned against the Government due to the Bank Scam; but this should be reviewed seriously.

The second thing is that this bank scam has adversely affected the credibility and reliability of banks to such an extent that the public believe on each and every statistics given by the newspapers etc. in respect of the amount involved in the Bank Scam. Just now my friend was saying that amount involved is Rs. 20 thousand crore, I say that it is ten thousand crore. Dr. Manmohan Singh says that it is 5600 crore and if you say this amount is Rs. 6000 crore, no one will object to it. This shows the level of reliability of the Government? The Finance Minister time and again emphasizes the need for improvement in the functioning of banks. I would like to know about the measures to be taken to restore the reliability or to re-establish the credibility of banks. In my opinion the Government would have to take the country into confidence and to assure the country that the total amount of money would positively be recovered through this Tribunal. Just now Mr. George was blaming that there was political encouragement behind it. I agree to it hundred per cent. I need not say much as to who is encouraging it. A video film had already been exhibited throughout the country on this issue in which a Minister was involved, and this was revealed by his cabinet colleague. I need not name the institutions which have received money from them. When this issue was raised in the Parliament, this House was assured that the money taken from Harshad Mehta would be returned but what about the money got from Ruiya, will you return that money too? Till date that institution has not revealed this thing before the nation. We need not tell this point to the people making enquiry into the Bank Scam. The whole country knows it. Now the only question is how to restore the reliability and credibility of Banks. This could be done only through the strong will power of the Government. The Government has information that needy and eligible persons do not get loans even after

signing the agreement and completing all the formalities while the ineligible persons get the money from banks immediately by giving bribe. It has become an eternal truth of today. There are several financial institutions like Financial Corporation, Industrial Development Corporation etc. through whom the agreement of setting up factories is signed. They get permission, funds, and electricity for setting up the factory and when they require working capital from banks, the banks start imposing several conditions. Even after fulfilling all the conditions and completing all the formalities the banks do not provide working capital and due to lack of it the factory starts becoming sick and then the question of recovery of the capital involved in setting up of the factory arises. The Government has every mean for making the recovery from the small factories. The persons against whom small amount of money is outstanding, can be put in jail for 14 days by the orders of the district Magistrate or the Sub-divisional Magistrate. On the other hand there is a Modi Factory in Uttar Pradesh, which owes Rs. 175 crore to Punjab National Bank, but the Bank dares not to recover the money from it. The Sub-divisional Magistrate who has been made responsible for the recovery, pays regular visit to the owner, so how he can dare to recover the amount.

On the other hand there is a unit named 'Progressive Construction' which owes Rs. 150 crore and the Hyderabad High Court says that no such unit exists in records. Sons and daughters of big political leaders and Government officials are the members of its Governing body, so despite the exposure, the Government is not in a position to recover the outstanding amount of Rs. 150 crore. Recovery of dues depends on the will power of the Government. The persons eligible for getting bank loans, despite completing all the formalities including guarantee clause and have the will and resources to repay the loan amount, are deprived of bank loans and ineligible persons get loan immediately. On the whole this has created a peculiar problem before us. All the organisations of bank employees and their representatives are also the members of the Governing body of

banks. They have their representatives in Directorate too. The representatives of bank managers and employees also take part in it. I was very much surprised to know how these banks were being looted for the last one and a half year and none of the representatives of employees, who constitute the Governing body has raised the issue before the country and the public. This is a serious issue. We have to answer the question-whether it is enough to appoint representatives of banks in the Directorate as Directors to improve the working of banks. This has put a big question mark so it should be reviewed seriously.

Narsimham Committee has emphasized the need to make the banks of this country more competitive. Through you, I would like to say that at the time of banks nationalisations. Some objectives were laid down. The main reason for nationalisation of banks was the welfare of the weaker and backward people in our society. Earlier the banks in India were not providing financial assistance to the common people and as a result of it the poor people were unable to set up their own profession to earn their livelihood with their small capital. So providing assistance to the weaker sections and backward people is a sort of social service of the banks towards them. It is a vast field. But I am very sorry to say that instead of checking the irregularities being committed in the Banks and improving the functioning of the Banks, the Government has started giving licences indiscriminately to the foreign banks which are looting this country's money and taking it to their own countries.

15.00 hrs.

The Finance Ministry is not in a position to impose Indian laws on these banks. I would like to request the Finance Minister to make arrangements for imposing Indian Laws on the foreign banks also in the same way as are being imposed on Indian Banks. The State Bank of India is also claiming that its profit has increased and this year too to will be able to increase its profit by 21-22 per cent. How this profit has increased? Banks are

slowly doing away with social service part and by doing so, they say that they are earning profit.

Common man's money is deposited in these banks. A part of that money should be given to the poor section of the country to earn their livelihood. The representatives engaged in this field, specially the representatives of the regional Banks have staged dharna here. This question has been raised in this House several times and it has been emphasised that to improve their condition, we must create a National Bank for them. But you say that as they are running in huge losses, you are not ready to take over them. Actually, regional Banks are related much to the rural people. We have entrusted the big responsibility of social service to them. They are fulfilling that responsibility of social service. Therefore, to meet their losses and to streamline their functioning a National Bank for these banks should be set up and the working of these Banks should be improved. With these suggestions, I conclude. *(Interruptions)*

SHRI GABHAJI MANGAJI THAKORE (Kapadwanj) : The Minister is sitting in the Central Hall. *(Interruptions)*

SHRIMATI BHAWNA CHIKHLIA (Junagarh) : We want certain clarifications about Narmada.

*[English]*

MR. DEPUTY SPEAKER : Any how, you have told the Minister. *(Interruptions)*

MR. DEPUTY SPEAKER : You have also made some efforts to make the hon. Minister come over here. *(Interruptions)*

MR. DEPUTY SPEAKER : The Minister may come here, I think. *(Interruptions)*

MR. DEPUTY SPEAKER : Please sit down now. *(Interruptions)*

MR. DEPUTY SPEAKER : Let us wait for some time. *(Interruptions)*

*[Translation]*

SHRI GABHAJI MANGAJI THAKORE : It is a question of 4 crore people. We request all the hon. Members to cooperate. *(Interruptions)*

*[English]*

MR. DEPUTY SPEAKER : Have you met the hon. Minister ? *(Interruptions)*

SHRI RATILAL VARMA : He is in the Central Hall. *(Interruptions)*

MR. DEPUTY SPEAKER : Let us see. *(Interruptions)*

MR. DEPUTY SPEAKER : Let the Parliamentary Minister come here.

*[Translation]*

SHRI RATILAL VARMA : We are distressed. The Chief Minister of Gujarat had assured the people of Gujarat. *(Interruptions)*

*[English]*

MR. DEPUTY SPEAKER : Let the Parliamentary Minister come here. *(Interruptions)*

MR. DEPUTY SPEAKER : Varmaji, Let us wait for some time. *(Interruptions)*

MR. DEPUTY SPEAKER : Let us wait for 10 minutes by which time the hon. Minister will come. *(Interruptions)*

MR. DEPUTY SPEAKER : Nobody has made any commitment. *(Interruptions)*

MR. DEPUTY SPEAKER : Anyhow, you have intimated your grievances. It is passed on to the concerned Minister. *(Interruptions)*

*[Translation]*

DR. LAXMINARAYAN PANDEYA (Mandsaur) : What is the policy of Government in regard to Gujarat. Please make it clear. ... *(Interruptions)*

SHRIMATI BHAWNA CHIKHLIA : Hon. Minister is sitting outside. He should make a statement in the House. ... *(Interruptions)* We want a clarification from the Government about Narmada.

[English]

MR. DEPUTY SPEAKER : Let us hope the hon. Minister comes to the House and says something.

SHRI RAM NAIK (Bombay North) : This matter is very important. This issue is being raised for the last three days in Parliament. Now, the Government is not giving any assurance to the Parliament but is making some agreement outside. Is this House not worthy enough that the Government should inform us? *(Interruptions)*

MR. DEPUTY SPEAKER : Let us wait.

*(Interruptions)*

[Translation]

DR. LAXMINARAYAN PANDEYA : Why does he make a statement outside. This House will reconsider this matter.

SHRI RATILAL VARMA : Farmers there are dying for want of water. There has been no rain in Saurashtra. Situation there is very grave. We have already talked much about it. The debate is going on in the entire country. Hon. Minister should give us an assurance and make a statement. *(Interruptions)*

DR. LAXMINARAYAN PANDEYA : Half an hour has passed but nothing has been said about this.

[English]

MR. DEPUTY SPEAKER : Who has said that within half-an-hour, they are going to make a statement?

*(Interruptions)*

MR. DEPUTY SPEAKER : Nobody has made any commitment.

*(Interruptions)*

MR. DEPUTY SPEAKER : That is not accepted.

*(Interruptions)*

SHRI RAM NAIK : If it is not accepted, then we would not allow the House to go on like that.

MR. DEPUTY SPEAKER : Let us wait for 10-15 minutes. Meanwhile the Minister may come here.

[Translation]

DR. LAXMINARAYAN PANDEYA : The Minister is making statement outside this House but does not make a statement in the House? ... *(Interruptions)*

SHRI KASHIRAM RANA (Surat) : Mr. Deputy Speaker, Sir, you can tell him that this is a very complicated issue because of which Gujarat is facing serious problem. When he can assure Medha Patekar outside the House, then cannot he give assurance to the Members of Gujarat and Maharashtra here? Are we of no importance.

*(Interruptions)*

15-09 hrs.

*At this stage, Shri Ratilal Varma and some hon. Members sat on the floor near the Table of the House. (Interruptions)*

SHRI BHOGENDRA JHA (Madhubani) : Mr. Deputy Speaker Sir, I think this question does not relate only to Gujarat. It is an issue of National importance and Dignity of the country. The House should be apprised of the way the World Bank has threatened and the stand taken by Government of India. With this project some States will be less benefited and some will be more benefited. Our coal reserves are dwindling. This project will be quite helpful to us. Wherever ecological problems are being faced, they should be removed but Narmada Project and Tehri Project should continue because it will be against the national interest to stop these project. These should be implemented at the earliest. ... *(Interruptions)* The matter relates to the whole of country. The Minister must say something about it in this House. *(Interruptions)*

[English]

MR. DEPUTY SPEAKER : Kindly resume your seats.

*(Interruptions)*

MR. DEPUTY SPEAKER : Raising slogans on the floor of the House is not fair. Secondly, I am making a request to you to resume your seats. Let us wait for some time. Kindly oblige and take your seats.

*(Interruptions)*

SHRI P. C. CHACKO (Trichur) : Sir, a handful of Members cannot hold the House to ransom. We cannot allow such things. (*Interruptions*)

MR. DEPUTY SPEAKER : Hon. Members, I am repeatedly requesting you to resume your seats. Mr. Chacko, the House is coming to a normal condition. Kindly exercise your patience.

SHRI P. C. CHACKO : No Sir, that is not the point. They cannot behave in this manner and hold the House to ransom. (*Interruptions*)

[*Translation*]

ONE HON. MEMBER : You please call the Minister. Government should reply. (*Interruptions*)

MR. DEPUTY SPEAKER : There is no need to call anyone. (*Interruptions*)

SHRI RATILAL VARMA : Mr. Deputy Speaker, Sir, we would like to know the assurance given by him to Medha Patekar. We would like to know only this, nothing else. (*Interruptions*) We do not know about the assurance given to her whereas everyone outside this House knows about it. (*Interruptions*)

SHRIMATI BHAVNA CHIKHLIA : (Junagarh) : The hon Minister should assure. ... (*Interruptions*)

SHRI RATILAL VARMA : We want a clarification. We want to know the assurance given on the issue. ... (*Interruptions*)

[*English*]

MR. DEPUTY SPEAKER : This is unfair. In spite of my repeated requests, you are not showing any restraint. Please go back to your seats. It is not at all fair on your part to behave in this unruly fashion. Please go back to your seats. Mr. Panigrahi, you may please speak on the Bill.

SHRI SRIBALLAY PANIGRAHI (Deogarh) : Thank you Sir ... (*Interruptions*)

How can I speak when they are shouting in this manner. Please let me speak on the Bill. (*Interruptions*)

DR. LAXMINARAYAN PANDEYA : Mr. Deputy Speaker, Sir, we are ready to obey your every order but kindly ask him to give the clarification.

[*English*]

MR. DEPUTY SPEAKER : Let the Members go back to their respective seats. Please resume your seats. They are deliberately creating disorder in the House. Such impressions should not be enacted and do not lead to such an impression.

[*Translation*]

SHRI RATILAL VARMA : Mr. Deputy Speaker, Sir, we just want to know the assurance given to Medha Patekar by the Minister. I would like to know the outcome of the discussion. (*Interruptions*)

SHRIMATI BHAVNA CHIKHLIA : The Minister can give assurance outside the House but not in the House (*Interruptions*)

MR. DEPUTY SPEAKER : The thing you are saying has already been said by Shri Varma.

(*Interruptions*)

SHRIMATI BHAVNA CHIKHLIA : We want clarification. (*Interruptions*)

DR. LAXMINARAYAN PANDEYA : Mr. Deputy Speaker, Sir, he has said outside the House that they will review the matter. He should say the same thing here in the House. Had he said this thing in the House, Members would not have got agitated. (*Interruptions*)

SHRI RATILAL VARMA : Sir, the matter relates to four crore people of Gujarat, four States and the farmers of the country. It is related to people dying for want of water and receding rivers. (*Interruptions*)

Question is not of Medha Patekar but of millions of people of Gujarat. (*Interruptions*)

SHRIMATI BHAVNA CHIKHLIA : If the hon. Minister can assure people outside the House, then why not here. (*Interruptions*). We want clarification in this House. (*Interruptions*)

[English]

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : The whole day cannot be converted into a Zero Hour. You cannot hijack the House. (*Interruptions*)

15.25 hrs.

[SHRI RAM NAIK *in the Chair*]

[Translation]

SHRI RATILAL VARMA : Sir, if the height of the dam is lowered. Rajasthan will not get the water. (*Interruptions*) What measures the Government is going to take to save Rajasthan. You are with us or not ? (*Interruptions*)

DR. ABRAR AHMED : Several important issues are discussed in this House every day, there is prescribed time for them. But you cannot hijack this House, I strongly object to it. (*Interruptions*)

MR. CHAIRMAN : If you have expressed your views, then please go to your seat.

SHRI RATILAL VARMA : The hon. Minister had assured. (*Interruptions*)

MR. CHAIRMAN : You have made out your point, now let the proceedings of the House go on. (*Interruptions*)

SHRI KASHIRAM RANA : We are ready to take our seats as per your order. (*Interruptions*) But the Government, should reply to the points raised.

MR. CHAIRMAN : You are repeating the same thing. Please take your seat. (*Interruptions*)

DR. ABRAR AHMED : I would convey the sentiments of hon. Members to the Minister of Water Resources, Shri Vidya-charan Shukla. I can say only this. (*Interruptions*)

SHRIMATI BHAVNA CHIKHLIA : This assurance was given earlier also.

MR. CHAIRMAN : The hon. Minister has said that he will convey your feelings to the concerned Minister. You have expressed your sentiments. Now please take your seats. It is 3.30 P.M. Private

Members business will start. Government business is over now.

(*Interruptions*)

MR. CHAIRMAN : The hon. Minister has said that he will convey your feelings to the Minister of Water Resources. Now, take your seats. It is time now for Private Members' business. The issues of Vananchal and Uttaranchal will be discussed now.

15.33 hrs.

(*At this stage, Shri Kashiram Rana and some other hon. Members took their seats.*)

SHRI GEORGE FERNANDES (Muza-farpur) : The Minister of Law is sitting here. I would like to know as to what happened to the question of going to the court today regarding the Election Commissioner. (*Interruptions*) All right, I will raise the issue after 6 O'Clock.

15.34 hrs.

THE COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS TWENTY-THIRD REPORT.

SHRI G. MADE GOWDA (MANDYA) : I beg to move :

"That this House do agree with the Twenty-third Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 4th August, 1993."

MR. CHAIRMAN : The question is :

"That this House do agree with the Twenty-third Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 4th August 1993."

*The motion was adopted*

15.35 hrs.

RESOLUTION RE : CREATION OF NEW STATES OF UTTARANCHAL AND VANANCHAL—Contd.

[English]

MR. CHAIRMAN : The House shall now take up further discussion of the following Resolution moved by Shri Jagat Vir Singh Drona on the 5th March, 1993 :