

p>12.05 hrs.

Title: Introduction of the Banking Regulation (Amendment) Bill, 2003.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): Sir, on behalf of Shri Jaswant Singh, I beg to move for leave to introduce a Bill further to amend the Banking Regulation Act, 1949.

MR. SPEAKER: Motion moved:

"That leave be granted to introduce a Bill further to amend the Banking Regulation Act, 1949."

MR. SPEAKER: Shri Varkala Radhakrishnan is opposing the introduction of the Bill. He can speak now. Shri Priya Ranjan Dasmunsi is also opposing it. He can speak after Shri Radhakrishnan.

SHRI VARKALA RADHAKRISHNAN (CHIRAYINKIL): Sir, I rise to bring to the attention of the House a very important matter concerning the consumers of Kerala. There has been a strike by the operators of trucks for the last ten days. The strike is still continuing in spite of the fact that there have been talks held about ending the strike. But it did not actually take place. Now the cost of materials and of essential goods has risen three to four times, especially in the vegetable market. The cost of the vegetables has gone up four to six times and the common man finds it very difficult to purchase anything from the market, especially from the vegetable market. All these goods have to be transported to Kerala from Tamil Nadu, Andhra Pradesh and other neighbouring States. The strike is still continuing and in this situation it has become very difficult for the people of Kerala to buy the goods. The Chief Minister of Kerala has said that he would look into the matter. But, so far, nothing has been done. ...*(Interruptions)*

\* Published in the Gazette of India, Extra ordinary, Part-II, Section 2, dated 21.4.03.

SHRI KHARABELA SWAIN (BALASORE): Sir, the hon. Member is speaking on some other issue. ...*(Interruptions)*

MR. SPEAKER: I agree with you.

SHRI VARKALA RADHAKRISHNAN : Sir, the prices are still going up. The State Government is not in a position to control the situation.

MR. SPEAKER: Shri Radhakrishnan, you cannot go into the merits of the Bill right now because the Bill has not been introduced.

...*(Interruptions)*

SHRI VARKALA RADHAKRISHNAN : Sir, that is why I have given a notice for adjournment motion. I request the Central Government to rise to the occasion and end the strike to help the people.

श्री राम विलास पासवान (हाजीपुर) : अध्यक्ष महोदय, मेरा गुजरात के होम मिनिस्टर के खिलाफ प्रिविलेज मोशन है।*(व्यवधान)*

अध्यक्ष महोदय : इन्फार्मेशन आने के बाद देखेंगे।

श्री राशिद अलवी : अध्यक्ष महोदय, गुजरात ईशू पर मेरा ज़ीरो आवर का नोटिस है।*(व्यवधान)*

MR. SPEAKER: Shri Radhakrishnan, do you want to oppose the introduction of the Bill?

SHRI KHARABELA SWAIN : Sir, he is talking about the truckers' strike.

SHRI PRIYA RANJAN DASMUNSI (RAIGANJ): Mr. Speaker, Sir, ...*(Interruptions)*

MR. SPEAKER: Shri Radhakrishnan, he is supporting you. Please sit down.

SHRI VARKALA RADHAKRISHNAN : Sir, I thought that the 'Zero hour' will take place immediately after the Papers were laid on the Table. If it is introduction of the Bill, I have a very serious objection.

MR. SPEAKER: You cannot go into the merits. Normally you have to say whether you oppose it or not. You are not entitled to speak.

SHRI VARKALA RADHAKRISHNAN : Normally, after the Papers were laid on the Table, the 'Zero hour' takes place. The legislative business starts afterwards. I have not committed any mistake.

MR. SPEAKER: I have asked you to complete.

SHRI VARKALA RADHAKRISHNAN : I may be given an opportunity to raise an important objection with regard to the legislative business.

MR. SPEAKER: During the discussion, you will be given an opportunity.

SHRI VARKALA RADHAKRISHNAN : It has to be raised at this time when the Bill is introduced as per the rules of procedure. I have a right. It is my right to raise an objection. I may be heard before the Bill is introduced.

SHRI SOMNATH CHATTERJEE (BOLPUR): Shri Radhakrishnan, the hon. Speaker will give you time.  
...(Interruptions)

SHRI PRIYA RANJAN DASMUNSI : Mr. Speaker, Sir, I rise to oppose the introduction of this Bill. This Bill seeks to amend a particular Section, Section 12 of the Banking Regulation Act. The Bill says in the Statement of Objects and Reasons that :

"With a view to encouraging foreign banks to set up their subsidiaries and attracting foreign investors, it has become necessary to remove the said restriction on voting rights of a person holding shares in a banking company. It is, therefore, proposed to omit sub-section (2) of section 12 of the Banking Regulation Act, 1949" "

Sir, many in the House might have missed the implication of this Bill. As the Bill will go to the Standing Committee, I am not going to argue now at this stage. Earlier, there was a restriction on the foreign banking operations even to open the branches. That restriction has been removed. Several foreign banks are operating in the country like the Bank of Tokyo, the Bank of Paris, the Bank of America, the Hong Kong and Shanghai Bank, the ABN Amro bank etc. So many foreign banks are there.

Would the hon. Minister state to the House as to who prevented these foreign banks to bring the investment? This clause is a very dangerous clause to provide the banks which are operating in India with their own investments. Those banks' right to vote after ten per cent will be abolished to encourage foreign banking subsidiaries. This means that they will be encouraged. Instead of bringing the investment, they will take the share of their own investment from our own country in these banks. This is an indirect way of abolishing the private banks of the country in the shadow of the foreign banking organisations under the plea that the investment will come.

The investment will come to the foreign banks. What is the investment of American Express Bank in India? How much investment they brought? What is the investment of Bank of Tokyo? How much is the investment of Hong Kong and Shanghai Banking Corporation? So many foreign banks are there. Now, the small banks, like Federal Bank in Kerala and other banks which are regional banks or private banks, have a right under the Banking Regulations Act to vote on certain conditions. Now, the Government is reviewing that condition and allowing the foreign banking organisation to make inroads in the name of subsidiaries. It is dangerous. Therefore, though it is in the Union List of the Constitution, the very object is opposed to the Constitution so far as right to do business in the country, right to conduct all the other things in the country is concerned. Therefore, I feel that it is an indirect aggression on the private banking organisation to take away their rights totally and to allow foreign banking organisation to rule as they like. Therefore, from Congress Party, we strongly oppose the Bill at the stage of introduction.

SHRI VARKALA RADHAKRISHNAN : Sir, I have also given notice. I strongly oppose the introduction of this Bill on three grounds. We all know that the Banking Regulation Act was passed as early as in 1949 with a specific purpose. The Banking Regulation Act was passed with the specific purpose of doing some social activities. In the preamble to the Act, there is a specific provision that the banks cannot ".

MR. SPEAKER: Are you opposing it under the Constitution?

SHRI VARKALA RADHAKRISHNAN : Yes.

MR. SPEAKER: Tell me the article number.

SHRI VARKALA RADHAKRISHNAN : Sir, it is against the Fundamental Right of doing business in the country. I have a right to do some business in the country. That is being restrained. This Bill is encroaching upon my Fundamental Right. That is my question. ...(Interruptions)

MR. SPEAKER: He is opposing under article 19.

...(Interruptions)

SHRI VARKALA RADHAKRISHNAN : This is an act to curtail the Fundamental Right of a citizen to do some business. Licenses are being given to multinational companies saying 'come along, do business here' instead of the private enterprises which are doing business in the country for long. So, I cannot agree with the proposal. As pointed out by Shri Dasmunsi, how much of foreign investment is coming in India?

MR. SPEAKER: You can oppose the Bill when it comes up for discussion.

SHRI VARKALA RADHAKRISHNAN : There were amendments made to the Banking Regulation Act previously for attracting foreign capital. What is the position? Why a blanket provision is being brought? Why are the licences given to multinational companies to do business in the country at the risk of private business enterprises of India? So, I strongly oppose it as it is beyond the purview of our legislative competence.

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): Mr. Speaker, Sir, hon. Member from Kerala, Shri Radhakrishnan has put his point. Hon. Shri Priya Ranjan Dasmunsi, of course, always makes very impassioned pleas.

MR. SPEAKER: He is very sincere to his job.

SHRI JASWANT SINGH: I take seriously whatever he has said, but at the stage of introduction of a piece of legislation, it is crystal clear that the only objection that is tenable is the legislative competence of the House. Now, this is well known that it is within the legislative competence of the House to legislate on this issue. The second aspect that a number of Members raised and particularly hon. Shri Dasmunsi went into the merits of the legislation saying this, that and other things. I wish to assure the hon. Member that this is an enabling provision for permitting the foreign banks to set up subsidiaries which they at the present moment cannot and that the RBI shall issue every suitable instruction and guideline so that a balanced parity is maintained between our private banking and foreign banking. So, on these grounds, I think, the hon. Member should clearly not oppose introduction of the Bill.

कुंवर अखिलेश सिंह (महाराजगंज, उ.प्र.) : अध्यक्ष महोदय, पूरे देश के अंदर पॉवर-लूम में कार्यरत लोग आक्रोशित हैं, आंदोलित हैं। (व्यवधान)

MR. SPEAKER: The question is :

"That leave be granted to introduce a Bill further to amend the Banking Regulation Act, 1949."

*The motion was adopted.*

SHRI ANANDRAO VITHOBA ADSUL: Sir, I introduce the Bill.

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