

14.15 hrs.

CREDIT INFORMATION COMPANIES (REGULATION) BILL, 2005

MR. DEPUTY-SPEAKER: We will now take up item No. 30, Credit Information Companies (Regulation) Bill, 2005. I would request the hon. Minister of Finance, Shri P. Chidambaram to move the Bill for consideration.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Sir, I beg to move:

"That the Bill to provide for regulation of credit information companies and to facilitate efficient distribution of credit and for matters connected therewith or incidental thereto, as passed by Rajya Sabha, be taken into consideration."

Sir, hon. Members are aware that the introduction of financial sector reforms in 1993 had brought to fore the extent of Non-Performing Assets (NPAs), and the management of the NPAs in the banking system is being tackled through various measures. It has also become imperative to arrest accretion of fresh NPAs in the banking sector through an efficient system of credit information on borrowers as a first step in credit risk management. Therefore, the requirement of an adequate, comprehensive and reliable information system on the borrowers through an efficient database system has been keenly felt by the Government, Reserve Bank of India as well as credit institutions.

It has been felt that it would not be possible to set up a world class credit information company within the existing legal framework as the legal prohibition on disclosure of an information enshrined in various banking Acts does not permit banks and financial institutions to share credit information with the credit information companies.

To overcome these problems, I had introduced the Credit Information Companies (Regulation) Bill, 2004 in the Rajya Sabha on 6th December, 2004 to provide for regulation of credit information companies and to facilitate efficient distribution of credit and for matters connected therewith or incidental thereto as also to significantly improve the quality of credit appraisal and decisions.

The Bill was referred to the Standing Committee on Finance which submitted its Report to this august House in February, 2005. Keeping in view the recommendations of the Standing Committee, it was considered desirable to provide for the following in the Bill :-

- (1) That the Reserve Bank of India may, having regard to the business of credit information available and the potential scope for expansion of such business already in existence, determine from time to time the number of credit information companies.
- (2) That appeal against the order of rejection of an application for grant of registration or cancellation of Certificate of Registration shall be preferred to the Central Government or any authority designated by it.
- (3) That a time-frame within which disputes referred for arbitration are to be resolved and to provide flexibility by providing for extension of time in exceptional cases, where situation so demands, may be specified.

With above words, I commend that the Credit Information Companies (Regulation) Bill, 2005, as passed by Rajya Sabha on 9th May, 2005, be taken for consideration by this august House and for passing.

MR. DEPUTY-SPEAKER: Shri K.S. Rao, you may speak now. But if you do not mind, you will have to go to your seat first.

SHRI K.S. RAO (ELURU): Sir, if you permit, I would speak from here. Otherwise, I would go to my seat.

MR. DEPUTY-SPEAKER: You should have applied for permission.

SHRI K.S. RAO (ELURU): Sir, now I have come to my seat. I had put all my papers on that seat. That is why, I was requesting. Can I go and speak from there now?

MR. DEPUTY-SPEAKER: Yes. You had to make the request from your seat.

SHRI K.S. RAO: Sir, I appreciate the Finance Minister for coming with this Bill which was due to come at least twenty years ago. The reason for my saying so is that in 1985, when the newspapers were publishing about increasing frauds in nationalised banks, in the same House, I spoke on that and told the House that because of the Secrecy Act in the banking regulation, an opportunity was made available to those officers as well as clients, borrowers to take things easy and then cheat the banks. Thereby, the frauds were increasing in those days also. The provisions are not very stringent to take action against the erring officers or even take action against the erring borrowers.

We can certainly understand, and the system also can understand if a genuine borrower with a genuine intention of doing manufacturing, business, or trade were to lose money by virtue of change in the legislation or by virtue of change in the market conditions, etc. We could understand that he had made his best effort; his intentions were fair; and he never wanted to cheat any financial institution, but still it was beyond his control and he incurred losses. Therefore, he was not in a position to pay back the money, which he had borrowed from the institution. Such genuine cases are understandable. But even in those days -- in 1985 -- there were customers or borrowers who used all their talent only till the time they got the loan from the bank. Those customers used all their talent, wisdom, resources, connection, etc. to impress the bankers or the financial institutions about their projects; about their ambitions; about their possible results; and took loan from the institutions. But the very next day after getting the

loan, they would start thinking about ways to manipulate it. They would think of ways to divert that money, and not put it to the use for the purpose it was borrowed. They would siphon it to their personal accounts, and make it zero. They would then convey their helplessness to repay the loan taken from the institution because of the loss incurred. Therefore, the money, which was borrowed from the banks, becomes a bad debt. The number of such cases has increased in the last two decades.

The hon. Finance Minister also said that the entire system got worried when the magnitude of the NPAs in the nationalised banks came to light. It was more than Rs. 50,000 crore or sometimes it was said that it was more than Rs. 1,00,000 crore, that is, the NPAs. When these facts come to the knowledge of the system, then naturally the entire system gets worried. The Government starts worrying about it; the economists start worrying about it, and try to find a way to control these NPAs. Some of the intelligent people in the banks -- the officers and the heads of the banks or the financial institutions -- were giving a provision in their balance-sheet for bad debts or were writing off the entire loan. All this was coming out of the profits that the banks had earned by virtue of increased interests charged from the good borrowers. So, the money that the banks had earned goes down the drain by way of writing off the NPAs or by way of bad debt provisions.

If we observe the balance-sheets in-depth, then we will find that the NPAs are increasing year after year. But the records show that the NPAs are coming down. If an intelligent fellow were to go into the details of the matter, then it will be known that the NPAs have actually gone up every year, but they are making provisions and writing it off from the profits made by the institutions.

The net effect is that the nation is put to loss. There are cheats, there are people who intentionally and wilfully put the banks to loss. This should be checked. Now, I am happy that the Finance Minister has come out with this Bill. This was thought of a couple of years back. They thought about this on the basis of the suggestions given by the Standing Committee to form Credit Information Bureaus. They wanted these companies to be registered with an intention to

regulate these NPAs. Once again, the increasing NPAs, year after year, have made it imperative to bring this Credit Information Companies (Regulation) Bill today.

How are the Credit Information Companies going to help us? Since the officers of the financial institutions are not assisting the borrowers in a proper manner, since they are not judging which borrower is right or wrong, or on which project the borrower is not strong enough to repay the money taken from the institution, we partially lost our trust on the ability of the officer to judge the borrower properly and, therefore, the need for this has come. If the officer concerned were to make an assessment of the borrower properly, go into the minutest aspects of the strengths of the borrower, that is, where he is really strong, whether he has got enough assets, whether the project is really strong or imaginative, and if he were in a position to visualise what would be the fate of the industry over a period of say, ten years or twenty years, then there is no need for this company. However, since the number of instances of failure of the management of the banks has gone up, since there is a deterioration in values, like the integrity, honesty, ability, determination or commitment of the officers have gone down, it has become a necessity. It is good that it is a necessity that we have to have.

Now, if these companies which were being permitted to be registered as 'Credit Information Companies' were to be filled up with the same type of people tomorrow, then the purpose is lost. Therefore, while deciding which Credit Information Company can be given permission to be registered or not, the hon. Minister must take into account the background of those people who are forming these companies. All the things, like what is their history, what is their integrity, what was their performance, whether they are dependable or not, whether the information that they will be giving is reliable or not, must be taken into account.

Some of the advisors, consultants, banking associations and senior bankers think that only three or four companies can be registered or the number of companies must be limited to ten. There are such suggestions, and my opinion is that if you register only three or four companies, they cannot certainly cope up

with the information required for the entire country. Therefore, depending upon the need or the demand, like the number of loans, quantum of trade, or credit that is being given, the number of companies is to be decided. While deciding, as I said, the background of the companies is to be taken into account. To be registered as a 'Credit Information Company' is definitely a privilege. If a borrower wants to take a thousand crore of rupees loan, then the institution giving the loan to that borrower depends upon the advice given by the Credit Information Company concerned. That means, these Credit Information Companies have got a lot of say in deciding whether loan to a particular borrower can be given or not. They can play havoc. In other words, it means that we are increasing the number of people in between and giving them the power to share things. Therefore, in respect of these Companies, integrity and knowledge play a vital role.

Coming to penalties, what kind of penalties are you putting on the Credit Information Companies?

My point is this. If a credit information company were to commit a mistake, suppose it is hand in glove with the borrower, it may say, "This company is very good; this project is very sound; the financial institution can give a thousand crore rupees to it". If that project fails tomorrow, there would be a thousand crore rupees loss to the nation. If a financial institution is giving a thousand crore rupees, that is our money, your money, the public money. So, the nation is put to loss simply because the information given by the credit information company is wrong. Maybe that company colluded with the borrower, or maybe that is not capable of eliciting the correct information about the borrower. So, that security should be there.

The penalty that is put in the Bill is limited to Rs.1 crore. What is one crore rupees? If you say that this one crore rupees penalty is applicable for companies which borrow only Rs.10 crore or Rs.5 crore, then I can understand that. You did not put any limit for the money borrowed, or a limit of the credit that is given by a financial institution. So, in the case of a company which takes a loan of Rs.1 crore, if the information goes wrong, the credit information company can be

penalised with Rs. 1 crore. In the case of a company which takes a thousand crore rupee loan, if it commits a mistake and the nation is put to loss, then also the penalty on the credit information company is Rs.1 crore. I do not find it rational. Though it is said that in certain cases there is a provision of one-year imprisonment, I am of the opinion that taking into account the deteriorating values in the banking sector and the financial institutions, penalty must be increased, or imprisonment must be increased. There must be a threat on the company. It must take the risk.

What is a credit information company brought into existence for? It is supposed to check all the weaknesses that are there in the financial affairs of a company. If that also commits the same mistake, who can help? If there is corruption in the office, we launch an anti-corruption drive. If the anti-corruption officers also were to be corrupt, then where is the end to it? So, somewhere to plug it, we must see that the integrity is improved. For that, if necessary, the penal provision must be made strong enough.

I am happy that the Minister has parallelly brought amendments to the Banking Regulation Act and the Reserve Bank of India Act also wherein the secrecy clause is being removed. That is essential. I am very happy that the Minister has brought them together. In the Secrecy Act - I know of several instances - suppose a trader of tobacco takes a loan of Rs.10 crore stating that there is Rs.15 crore worth of tobacco in the godown, and the Bank Manager, in collusion with the trader, gives the loan of Rs.10 crore. If the adjacent trader or some other adjacent man knows that there is nothing in the godown but he is taking the loan, this credit information company can be of immense use to go and see whether there is really any stock in the godown and whether it can be given loan on that. So, that way, this will be useful. Proposition is good. I am of the opinion that it should have been brought 20 years ago. We could have saved at least a lakh crore rupees so far in this country. At least now the Minister has brought it to the House and I congratulate him.

I wish while giving registration to the companies, the Government would please go into the background and history of the company. Only where it is an

established company with credibility over decades, then only they should give them licence. Somebody may say tomorrow, "Are you giving it to the established people only? We are men with integrity, we have got knowledge, we can do well". All right. The Government can choose even new companies but with penal provisions increased.

With this, I congratulate the hon. Minister for bringing this Bill forward. I wish that the credit information companies will help in reducing the NPAs and will save the nation from the people who are intentionally doing fraud on the financial institutions.

MR. DEPUTY-SPEAKER: As you were the first speaker, the time was given as you desired.

SHRI SWADESH CHAKRABORTTY (HOWRAH): Sir, I rise to support the Credit Information Companies (Regulation) Bill, 2005. While supporting the Bill, I would like to make some observations.

In the Statement of Objects and Reasons, the Minister has stated that the introduction of financial sector reforms has brought to fore the extent of non-performance assets and the management of NPAs in the banking system. The purpose of the Bill is to control the NPAs in the banking system. In my opinion, the financial sector reform has brought to fore many other things. It has brought the Harshad Mehta scam; it has brought the Ketan Parekh scam; the UTI scam; and the Centaur Hotel scam, which we are discussing now. So many things have come in the financial sector reform. We have to fight it out. Financial sector reforms will go but the natural bye-products of financial sector reforms, that is, scams like the above may come up, which should be brought under control. The Minister, through this Bill, has tried to control those bye-products and the management of NPAs. But what is the exact scenario so far as NPAs is concerned?

We can see from the statement given by the Finance Minister that there are five categories of banks where NPA is more than Rs.1 crore from each borrower - nationalised banks, SBI and its associate banks, financial institutions, foreign banks, and private sector banks. If you take cases of nationalised banks like the average NPA is less than Rs. 6 crore, against which suits have been filed. It will come down very much within Rs.4 crore on an average of Dana Bank, Allahabad Bank and Syndicate Bank are taken out of list. SBI itself has 1,195 cases where it has given credit to the tune of Rs.6,806.64 crore. What I want to point out is that foreign banks propagate to serve much better and we also invite them. Of course, they extend some cosmetic services to the customers. But so far as NPA part is concerned, according to the Statement of the Minister, the Bank of Tokya Mitsubishi Limited has NPA of Rs.506.45 crore in only 31 accounts. This is the highest average.

In the financial institutions sector, the Export-Import Bank of India, from where people take loan on the ground to export their commodities or

merchandise and earn money for the country, we can see 28 cases in the category of NPA and the amount involved is Rs.445.59 crore. This bank is controlled by Government itself. So, it is not the fault of the nationalised banks only. It is true that in the pre-reform era, there were bad debts. Now, it has nomenclature of NPAs. There were some loan *melas* where the beneficiaries received Rs.20,000 to Rs.50,000, which they did not pay back. There, the number of creditors was more but the actual loss to the banks was much less. The Banking Division can give the correct figures. As there is no time, I cannot give the details in this regard here. But the fact is that in the post-reform period, NPAs have increased much more.

That was in the case of foreign banks also. What I want to submit is that the performance of the nationalised banks has been better than the private and foreign banks. There is the question of VRS. Downsizing is a popular word which is nowadays going against the interest of the country as a whole. The theory of downsizing has led us to this situation. I may be permitted to read from a report of the Planning Commission. It is stated that unemployment now stands at 9.11 per cent. Within two years, it rose to 9.11 per cent which is the highest because there are a few sectors like IT and services industry which have seen employment generation. The overall picture is not so encouraging. The GDP has gone down in the country although the economy has grown. The opening up of the economy benefited only a few richer States but not those who are at the bottom rung of economic regression. This is not my statement. This is the statement of the Planning Commission.

Coming to the Bill itself, the purpose of the Bill, as stated by the hon. Minister, is to control the NPA.

MR. DEPUTY-SPEAKER: Please conclude.

SHRI SWADESH CHAKRABORTTY : I will try to conclude. There is an institution called the Credit Information Bureau of India Limited (CIBIL). It came into existence on 1st January, 2001. It could start its operation in April, 2004 only. The ownership lies with the biggest nationalised bank, the State Bank of India. Forty per cent comes from the State bank, 40 per cent from HDFC and 20 per cent

from the foreign company, Dun & Brad Street. Their also 107 credit institutions signed up to be the members of the CIBIL. Actually, 23 out of 106 had placed the information with the CIBIL. I fail to understand what is there in this Bill. While the credit institutions be compelled to put their records with the credit information companies which we are now trying to form. I suggest that there should be a mandatory membership of all the credit institutions within a specified period. Secondly, there should be a uniform scoring system for the borrowers because if there are many companies, they will go on scoring at the benefit of the borrowers. There should be a uniform credit scoring system on behalf of the RBI or the Government. Otherwise it will be just the case of Centeur episode. One valuer has fixed a price of Rs.206 crore and another valuer brought it down to about Rs.100 crore. This will go on. The scam will go on if there is not a uniform scoring system for the borrowers.

Thirdly, the companies should be allowed to run region-wise. The numbers should be limited so that there can be some control from the RBI; if that is done, they may not misuse their powers. The fourth is the regulation of credit information companies. That regulation is to be made. Lastly, provision of penalty is mentioned in the Bill, but the amount has not been mentioned. The Bill says that the RBI will do it; but it must be mentioned from the Government side - that is, the failing institutions must have to pay heavy penalty.

I again insist that the Government must make it mandatory for all the credit institutions to be members of the companies, within a specified period.

श्री भुवनेश्वर प्रसाद मेहता (हज़ारीबाग) : माननीय उपाध्यक्ष जी, मैं माननीय वित्त मंत्री जी द्वारा प्रस्तुत प्रत्यय विषयक जानकारी कंपनी (विनियमन) विधेयक, 2005 का समर्थन करता हूं। माननीय मंत्री जी ने कहा कि फाइनेन्शियल सेक्टर में सुधार के लिए 1993 में पहला कदम उठाया गया था। 1993 में कदम उठाने के बाद, जो नतीजे सामने आए, वे काफी चिंताजनक हैं। अभी प्रायोरिटी सेक्टर में 31 मार्च, 2000 तक एनपीए 23840 करोड़ रुपये है, जिसमें कृषि की मद में 7240 करोड़ रुपये, लघु उद्योग की मद में 8838 करोड़ रुपये तथा अन्य मदों में 7762

करोड़ रुपये हैं। लेकिन जब हम तस्वीर के दूसरे पहलू को देखते हैं, तो राष्ट्रीयकृत बैंको और दूसरे अन्य बैंको द्वारा जो ऋण दिए जाते हैं, जिनकी राशि एक करोड़ या इससे अधिक है, ऐसे मामलों की संख्या 4862 है तथा दी गई कुल राशि 28671.21 करोड़ रुपये है। माननीय वित्त मंत्री जी ने लोक सभा में पूछे गए प्रश्न के उत्तर में बताया था कि भारतीय स्टेट बैंक और इसके सहयोगी बैंकों द्वारा कर्ज के मामलों की संख्या 1951 है, जिसकी राशि 10434.11 करोड़ रुपये है। अन्य वित्त संस्थाओं से कर्ज लेने वालों की संख्या 1914 है और इसकी कुल राशि 1351.78 करोड़ रुपये है। इस संबंध में जितने मामले दर्ज होने चाहिए थे, उतने नहीं हुए हैं। ऐसा कोई भी मामला नहीं है, जिसमें एक करोड़ रुपए से कम रुपये हों, लेकिन उन्हें चुकता नहीं किया गया है। ऐसे मामलों की संख्या 2647 है। यह इस बात को प्रमाणित करता है कि किस तरह से बैंक से मिलकर, किसी कम्पनी के नाम पर या किसी अन्य के नाम पर बैंक के पैसे को, जनता के पैसे को लूटने का काम किया जा रहा है। बैंकों के एक लाख तीस हजार करोड़ रुपये ?Écä उद्योगपतियों पर कर्ज है, जिसकी वसूली करने का सरकार ने आज तक कोई काम नहीं किया है। इस दुरुपयोग को रोकने के लिए यह विधेयक लाया गया है। मैं समझता हूं कि यह विधेयक तभी कारगर होगा जब वित्त मंत्री जी इसका कड़ाई के साथ पालन करवाएंगे। उन्हें अपनी इच्छा शक्ति को मजबूत करना होगा, तभी यह लूट बंद की जा सकती है। यह सरकार को मालूम है कि कितने लोगों पर उधार बाकी है या कितना क्रेडिट बाकी है। बैंकों को भी मालूम है और रिजर्व बैंक आफ इंडिया को भी मालूम है कि कितना पैसा लोगों पर बाकी है। इसलिए मैं कहना चाहता हूं कि वित्त मंत्री जी जो विधेयक लाए हैं, उस विधेयक के साथ-साथ उन्हें अपनी इच्छा शक्ति को भी मजबूत करना होगा। आप देखें कि किस तरह से एक लाख तीस हजार करोड़ रुपया बड़े-बड़े बिजनेसमैन ने अपने पास रखा हुआ है जबकि कृषि तथा लघु उद्योगों का मात्र 27 हजार करोड़ रुपया है। यह किस

प्रकार का भेदभाव है और किस प्रकार ऐसा हो रहा है। इसीलिए मैं कहना चाहता हूँ कि इन सुधारों को मजबूत इच्छा शक्ति के साथ पालन करना और करवाना होगा।

श्री आलोक कुमार मेहता (समस्तीपुर) : उपाध्यक्ष महोदय, मैं प्रत्यय विषयक जानकारी कंपनी (विनियमन) विधेयक, 2005 पर चर्चा करने के लिए खड़ा हुआ हूँ। इस विधेयक को प्रस्तुत करने के लिए मैं केन्द्र सरकार, वित्त मंत्री, श्री पी. चिदम्बरम और प्रधान मंत्री डॉ. मनमोहन सिंह जी को बधाई देता हूँ। मेरी समझ में यह विधेयक वित्त व्यवस्था में सुधार की दिशा में एक महत्वपूर्ण कदम है। मुझे इससे बहुत अपेक्षाएं हैं क्योंकि मैंने ऋण लेने की जमीनी हकीकतों और इससे संबंधित बहुत सारी समस्याओं को स्वयं फेस किया है।

महोदय, मैं एक छोटा सा उदाहरण देना चाहता हूँ कि ऋण देने के संबंध में किस तरह से नैशनलाइज्ड बैंकों में मैनेजर राज चलता है, मैं नहीं मानता हूँ कि ऋण लेने में जो बोरोअर्स हैं सिर्फ उनकी गलती है, बल्कि जो ऋण देने वाले बैंक हैं, उनकी भी बहुत गलतियां हैं। मैं अपेक्षा रखता हूँ कि इस विधेयक के पास होने से स्थिति में सुधार आएगा। जहां डिस्क्रिशन की बात आती है, वहां इन्स्पैक्शन के बाद मनमानी चलती है। हाल ही में के.वी.आई.सी. द्वारा एक अनएम्पलाइड यूथ को लोन सैंक्शन किया गया जो उसे नैशनलाइज्ड बैंक की ब्रांच के माध्यम से दिया जाना था। जब लोन प्राप्तकर्ता नैशनलाइज्ड बैंक की ब्रांच में गया, तो लाख मशक्कत करने के बाद भी उस बैंक के ब्रांच मैनेजर ने लोन नहीं दिया। जब मैंने उनसे इसका कारण टेलीफोन पर पूछा, तो उन्होंने सीधा और सपाट उत्तर दिया कि "This is our discretion" - मैंने समझा कि यह उपयुक्त नहीं होगा, इसलिए ऋण नहीं दिया। इस प्रकार यहां एक नैगोशिएटिंग पाइंट है। अब सवाल यह उठता है कि जिस सिस्टम में ऐसे पाइंट होते हैं, जहां मनमानेपन की छूट होती है, वहां इस प्रकार की कठिनाइयां आती हैं। मैं समझता हूँ कि इस विधेयक से इस प्रवृत्ति पर अंकुश

लगेगा और लोन सैंक्शन करने तथा उसके वितरण के प्रौसेस में ट्रंसपेरेंसी तथा एकरूपता आएगी।

महोदय, मैं कहना चाहता हूं कि नॉन परफॉर्मिंग असेट्स, इस देश की पूरी बैंकिंग वित्तीय व्यवस्था पर बहुत गहरा घाव है। इस विधेयक के माध्यम से उस पर अंकुश लगेगा और उसमें कमी आएगी, ऐसी मैं आशा करता हूं। जैसा हमारे पूर्व वक्ता ने कहा कि अब 28,671.21 करोड़ रुपए का क्रेडिट, नॉन परफारमिंग असेट्स बन चुका है और उसे कम करने के लिए रिजर्व बैंक के माध्यम से प्रयास भी चल रहे हैं, लेकिन उसके साथ-साथ मैं माननीय मंत्री जी से कहना चाहता हूं कि एन.बी.एफ.सी.ज. को भी इसके दायरे में लाया जाना चाहिए या उस तरह की चीजें जिन पर भारतीय रिजर्व बैंक के रेगुलेशन के बावजूद, बैंकिंग रेगुलेशन एक्ट के अलावा, दूसरे रेगुलेशन्स के माध्यम से यदि किसी प्रकार के कंट्रोल की कमी हो, तो मैं समझता हूं कि उसकी इन्फॉर्मेशन जनता की जानकारी तक पहुंचाई जानी चाहिए ताकि जनता धोखे में न पड़े और ठगी न जाए।

महोदय, इस विधेयक की 20 क्लॉजेज हैं। उनमें से मैं 18वीं क्लॉज की ओर माननीय वित्त मंत्री जी का ध्यान आकर्षित करना चाहता हूं। इस क्लॉज द्वारा डिस्प्यूट सैटलमेंट के बारे में जो बातें कही गई हैं, उसमें टाइम फ्रेम निश्चित नहीं किया गया है। मैं मंत्री महोदय से कहना चाहता हूं कि जहां छोटे-छोटे बौरोअर्स हैं, जिन लोगों की आय कम है, जो छोटे बिजनैस करने वाले लोग हैं, उन्हें इस तरह की सैटलमेंट करने में बहुत परेशानी का सामना करना पड़ेगा। इसलिए इतना किया जाए कि जो छोटे बौरोअर्स हैं, जो 5 लाख या 10 लाख रुपए से नीचे बिजनैस करने वाले बौरोअर्स हैं, उनके सैटलमेंट का भी एक टाइमफ्रेम निश्चित किया जाए, ताकि उन्हें कठिनाइयों का सामना न करना पड़े।

मैं कहना चाहता हूँ कि नेशनलाइज्ड बैंकों में लेंडिंग प्रोसेस को और सिम्पल किए जाने की आवश्यकता है और जो हकीकत है, उसके लिए स्टैंडर्डाइज्ड लेंडिंग प्रोसेस, यानी डाकुमेंटेशन प्रोसेस या इंस्पेक्शन प्रोसेस, पूरे के पूरे लेंडिंग प्रोसेस को और ट्रंसपेरेंट, और सिस्टमेटिक बनाए जाने की जरूरत है। मैं आपसे कहना चाहता हूँ कि प्रोसेस के नाम पर कुछ कमी दिखा कर बिहार जैसे राज्य में, जो कि पहले से ही बहुत उपेक्षित और पिछड़ा रहा है, वहां की इकोनोमी राज्य के बंटवारे के बाद बहुत ही नीचे चली गई है, ऐसे राज्य में लम्बे समय से 30 से 35 प्रतिशत के बीच वहां का सीडी रेश्यो झूल रहा है। वहां विभिन्न तरह के प्रतिरोधों के बावजूद, वहां की आम जनता ने भी प्रतिरोध किया था और हम लोगों ने भी उसके लिए धरना एवं प्रदर्शन किया था, लेकिन नेशनलाइज्ड बैंक का रवैया यह है कि 30 से 35 प्रतिशत के बीच सीडी रेश्यो अभी तक झूल रहा है और कहा जा रहा है कि वायबिलिटी नहीं है, लोन लेने वाले लोगों के पास रिपेमेंट केपेसिटी नहीं है। आप जब तक उन्हें एनक्रेज नहीं करेंगे तो रिपेडिंग केपेसिटी कहां से आएगी। इस बात पर हम माननीय मंत्री जी आग्रह करना चाहते हैं कि वहां बैंकिंग बिहेवियर बहुत ही पुअर है और ऐसा लगता है कि ब्यूरोक्रेसी में जिस तरह तानाशाही जैसी स्थिति पैदा हो जाती है, उनका व्यवहार छोटे अनएम्प्लायड यूथ के प्रति और छोटे-छोटे बोरोअर्स के प्रति बहुत ही खराब है। इसलिए खास तौर से ग्रामीण क्षेत्रों में जो लोन दिए जाते हैं, उनमें 50 हजार रुपए और एक लाख रुपए तक के छोटे लोन देने में छः-छः, आठ-आठ महीने तक का समय लग जाता है।

महोदय, मैं आपके माध्यम से मंत्री जी से कहना चाहता हूँ कि इस विधेयक में ऐसे प्रावधान किए जाएं ताकि उसमें पूरी ट्रंसपेरेंसी आए, आम जनता को उसकी सूचना रहे तथा बैंक के अधिकारियों को भी उसके सामने चैलेंज करने में दिक्कत पेश आए, उन्हें किसी तरह की मेनुप्लेशन करने में दिक्कत आए। ऐसी व्यवस्था करने के सुझाव के साथ मैं माननीय वित्त मंत्री जी एवं सरकार को बहुत-बहुत धन्यवाद देता हूँ और इस विधेयक का समर्थन करता हूँ।

SHRI S.K. KHARVENTHAN (PALANI): Sir, I rise to support the Credit Information Companies (Regulation) Bill, 2005. Whenever Shri Chidambaram has been the Finance Minister or incharge of any other Ministry of our country, be it in 1991 or 1996, the country's financial position has improved a lot. This is because of the number of changes that the hon. Minister introduces in the whole system. When our present Prime Minister was the Finance Minister and Shri Chidambaram was also in the Cabinet, they brought about a number of changes.

This Bill is to provide for the regulation of credit information companies and to facilitate efficient distribution of credit and for matters connected therewith or incidental thereto. It is a welcome step taken by the hon. Finance Minister. I congratulate the Minister for having taken this step. The meaning of 'credit information' has been clearly explained in clause 2 sub-clause (d) which says:

- "(i) the amounts and the nature of loans or advances, etc.
- (ii) the nature of security taken, etc.
- (iii) the guarantee furnished, etc.
- (iv) the credit worthiness of any borrower, etc. and
- (v) any other matter, etc. "

The main purpose of the Bill is to give credit and also know about the position of the borrowers. Without knowing the financial position of a number of borrowers, various credit institutions in the past had lent money and, as a result, more than Rs.60 crore is the unrecovered amount which is pending. Even the persons who are not in a position to repay the loan were simply availing this opportunity and were using the money for their own purposes. As a result, there was a huge loss to the country. This Bill has been purposefully drafted to avoid such things. It is a welcome step.

What are the credit institutions have been elaborately explained in the Bill. Clause 2 (f) deals with it and it talks about the State Bank of India, a subsidiary bank, a cooperative bank, the National Bank and Regional Rural Bank.

The Bill explains in detail about the prohibition to commence or carry on business of credit information without obtaining a certificate of registration from the Reserve Bank.

15.00 hrs.

The Reserve Bank of India has been given the powers to give instructions.
As per Section 11(1) the Reserve Bank of India will give directions:

"(a) in the public interest; or

(b) in the interest of credit institutions; or

(c) in the interest of specified users; or

(d) in the interest of banking policy; or

(e) to prevent the affairs of any credit information company being conducted in a manner detrimental to the interests of its specified users or in a manner prejudicial to the interests of credit institutions or borrowers or clients; or

(f) to secure the proper management of credit information companies generally,"

All these have been clearly mentioned in the Bill. Moreover, this Bill elaborately gives the powers to the companies and also it is paving the way for giving loans as well as for taking loans for the welfare of the people of this country. Hence I welcome this Bill.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Mr. Deputy-Speaker, Sir, I am grateful to the hon. Members for the broad support which they have extended to the Credit Information Companies (Regulation) Bill.

In my opening remarks, I explained the philosophy. This Bill does not deal with the accumulated NPAs. This Bill deals with accretion of NPAs. The accumulated NPAs have to be dealt with under the current laws. We have got the Debt Recovery Tribunal Act. We have got the SARFAESI Act and a number of steps have been taken.

In order to assure the hon. Members that the Government is serious about reducing NPAs, let me give some figures. In March 2002, the gross NPAs were Rs.70861 crore and by March 2004, it had come down to Rs.64786 crore. In March 2005, I believe, it has come down further but the figures are not yet compiled. If you look at net NPAs, in March 2002, it was Rs.35554 crore; in March 2004, it came down to Rs.24617 crore. If you look at percentages, during this period the gross NPAs came down from 10.4 per cent to 7.2 per cent and the net NPAs have come down from 5.5 per cent to 2.9 per cent. It is so for public sector banks and it is so for private sector banks - old and new. We will continue to take steps to reduce the NPAs.

As far as accretion of NPAs is concerned, what this Bill does is that it puts in place a credit information system so that the lender will know the history of the borrower, his credit worthiness, his credit rating, and whether he deserves the credit. That is the new system that is being put in place. This is really preemptive. Once you improve the quality of lending, then the number of NPAs will also hopefully come down.

Sir, Mr. Bhubaneshwar Prasad asked me about sectoral NPAs. As regards sectoral NPAs, as I have said repeatedly in the House, sector which has the lowest NPAs is the agricultural sector which is 8.4 per cent. The SSI sector has the highest NPAs at 15.16 per cent. But between the two, the other sectors lie. Therefore, banks are now lending more to agriculture. We need to address this question of SSI sector NPAs. Even under the SSI sector, it has come down

from 21.28 per cent of the total advances in the year 2002 to 15.16 per cent but we will continue to address this problem.

This Bill will prevent accretion of NPAs. What we will do is that the RBI will license only a small number of credit information companies and will indicate the number. The criterion for recognising a company as a credit information company is very strict, not everybody can become a credit information company. There is only one so far, namely, CIBIL which is sponsored by the State Bank of India. I am confident that other public sector banks will also sponsor similar credit information bureau.

Therefore, banks are now lending more to agriculture. We need to address this question of SSI sector NPAs. Even under the SSI sector, it has come down from 21.28 per cent of the total advances in the year 2002 to 15.16 per cent but we will continue to address this problem.

In the beginning, I expect there will be three to four such credit information companies. Over a period of time we can review whether we need more companies or not. I do not think it is possible to ask a company to concentrate on one region. That will mean there is no competition. There must be competition in every area. Therefore, the companies must be allowed to function on an all India basis. Yes, one company will become stronger in one region and another company will become stronger in another region. But unless there is competition, quality of service will not improve.

Sir, a question was asked about penalties. Shri Rao was right, penalties are provided for in Sections 23 to 25. He read only one part of section 23. In section 23 it has been mentioned that if it is a living person, the penalty upon conviction is imprisonment which may extend up to one year and also fine. That is left to the courts to decide. There is no limit there. The court can impose any fine. If it is a company, it cannot be imprisoned and therefore, the penalty is fixed at a maximum of rupees one crore. That is not all. If you will kindly look at section 25, it has been mentioned that 'notwithstanding anything contained in section 23' that is apart from the prosecution, the Reserve Bank of India may also impose, on such credit information companies, a penalty not exceeding, in case of section

22 (2), rupees one lakh; and under section 23(2) (3), a penalty not exceeding rupees one crore. That is another crore of rupees can be imposed by the Reserve Bank of India. I think, these penalties are quite stiff. If necessary, we will see if penalties are to be increased later, we can amend the section later on. But at the moment, I think, these are pretty stiff penalties for anyone who provides false information or anyone who violates the principles laid down in section 23.

Sir, with this Credit Information Bill our banking system moves to another stage where we are becoming world class. The idea is to become a world class banking system. In all advanced countries of the world there are Credit Information Bureau. These are very successful credit information companies. We must also become like an advanced country and like an advanced country our banking system must also become an advanced system and this will help our banking system become an advanced system. I request the hon. Members to unanimously pass the Bill.

SHRI SWADESH CHAKRABORTTY : What about the rating system?

SHRI P. CHIDAMBARAM: Sir, in regard to rating system, I would like to say that in section 10 of the Act, if you will kindly see, the Reserve Bank of India has the powers to prescribe the policy and the norms for the credit information companies. The Reserve Bank of India will lay down the norms. Now, the credit information companies will adopt the parameters for credit rating. That will depend upon its clientele. One lender may emphasize the assets under management of the borrower; another lender may want to know the net worth of the borrower; another lender may want to know the risks in the business of the borrower; another lender may emphasize on another parameter. So, the credit information companies will adopt rating systems which serve the interest of the borrowers.

There is also a scoring system. Companies like Standard and Poor's, Moody's score credit rating of country and credit ratings of companies. There will be a scoring system. So, the lender will go to credit information companies and see the parameters resulting in a score which is more relevant to that lender and that borrower. All these will be taken care of by the guidelines of the Reserve

Bank of India. I think, these scores will become acceptable over a period of time. Standard and Poor's, Moody's are well accepted scores. They are in competition with each other. They have to be very rigorous about scoring. You cannot take liberties with scoring because if the scoring turns out to be consistently wrong, then nobody is going to pay a fee and collect the information from such credit information companies. Therefore, under section 10 norms will be laid down and the credit information companies will have to follow those norms.

MR. DEPUTY-SPEAKER: The question is:

"That the Bill to provide for regulation of credit information companies and to facilitate efficient distribution of credit and for matters connected therewith or incidental thereto, as passed by Rajya Sabha, be taken into consideration."

The motion was adopted.

MR. DEPUTY-SPEAKER: Now, the House will take up clause by clause consideration of the Bill.

The question is:

"That clauses 2 to 37 stand part of the Bill".

The motion was adopted.

Clauses 2 to 37 were added to the Bill.

The Schedule was added to the Bill.

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

SHRI P. CHIDAMBARAM: I beg to move:

"That the Bill be passed."

MR. CHAIRMAN: The question is:

"That the Bill be passed."

The motion was adopted.
