

Title: Further discussion on the motion for consideration of the Payment and Settlement Systems Bill, 2006 moved by Shri P. Chidambaram on the 23rd November, 2007 (Motion Adopted and Bill Passed).

MR. CHAIRMAN : Now, the House will take up Item No. 15 – Payment and Settlement Systems Bill, 2006.

Shri Thawar Chand Gehlot. आप पहले आठ मिनट बोल चुके हैं। अब आप कंटीन्यू करें।

श्री थावरचन्द गेहलोत (शाजापुर): सभापति महोदय, मंत्री जी ने जब विधेयक प्रस्तुत किया था, तो उन्होंने इसकी आवश्यकता और उद्देश्यों के बारे में विस्तार से बताया था। उनके कथन को सुनकर और बिल को देखकर लगा कि वास्तव में इस प्रकार के विधेयक और कानून की महति आवश्यकता है। मंत्री जी से मैंने उस दिन भी सहमति व्यक्त करते हुए कहा था कि इसकी धारा 34 में स्टाक एक्सचेंज, अन्य एक्सचेंज जैसे कमोडिटी एक्सचेंज आदि को सम्मिलित नहीं किया गया है, जबकि वे भी इस प्रकार का लेनदेन का काम करते हैं। इसके साथ ही साथ मैंने यह भी कहा था कि आदिकाल से अपने यहां भिन्न-भिन्न प्रकार से लेनदेन की पद्धति प्रचलित है, जैसे सर्राफी लेनदेन, हुण्डी के रूप में प्रॉमिसरी नोट है। एक देनदार को दूसरा लेनदार लिखकर दे देता है, उस पर रेवेन्यू टिकट लगा देता है। परंतु अनेक बार वह सम्म पर पेमेंट नहीं करता है। जब पेमेंट नहीं होती है तो फिर कोर्ट-कचहरी में मामला चला जाता है। हालांकि हुण्डी या प्रॉमिसरी नोट से जो लेनदेन करते हैं, उसका भी रजिस्ट्रेशन होता है। लेकिन अक्सर देखा जाता है कि बिना रजिस्ट्रेशन के ही सारा काम होता है। उस कारण भारत की अर्थव्यवस्था प्रभावित होती है।[\[R86\]](#)

बिल का नाम देखने से ऐसा लगता है कि यह बिल सारे देश में जो लेन-देन करने वाली संस्थाएं हैं उनके ऊपर लागू होता है। परन्तु जब इसकी परिभाषा को देखा कि यह किस-किस पर लागू होगा, तो निष्कर्ष निकला कि जो बैंकिंग सिस्टम के अंदर रजिस्टर्ड संस्थाएं हैं, अर्थात् रिजर्व बैंक के नियंत्रण में काम करने वाले वित्तीय बैंक्स, राष्ट्रीयकृत बैंक्स, सहकारी बैंक्स आदि, उन पर लागू होता है। परन्तु बहुत सारी संस्थाएं जो लेन-देन का काम करती हैं, वे इसके दायरे से बाहर हैं। या तो इसका नाम "The Banking Payment and Settlement Scheme Bill" होना चाहिए या फिर इसका जो नाम रखा है, वही रखा जाए, ऐसा माननीय मंत्री जी का निष्कर्ष है, तो देश भर में जो अन्य संस्थाएं हैं, उनके बारे में हम कई बार सुनते हैं काला-धन, दो-नम्बर का धन, बेमानी धन, आय से अधिक धन का लेन-देन सारे देश में होता है और वह धन देश की अर्थव्यवस्था को बुरी तरह से प्रभावित करता है। एक बार नहीं, अनेक बार इस सदन में भी और अन्य उपयुक्त स्थानों पर इस प्रकार की पद्धति के बारे में चिंता व्यक्त की जाती रही है और अनेक अवसरों पर सरकार ने इस बात को स्वीकार किया है कि जो काला-धन, बेमानी धन, आय से अधिक वाला धन है, यह ऊपर ही ऊपर सब कारोबार यहां से लेकर विदेश तक करता रहता है, लेकिन इस पर नियंत्रण करने का उपाय इस एक्ट के अंतर्गत मुझे दिखाई नहीं दे रहा है। वित्त मंत्री महोदय बहुत अच्छे अर्थशास्त्री हैं। मैं यहां कुछ अनुभव ले रहा हूं और उससे मुझे भी कुछ समझ में आता है। अगर उनको इस दायरे से बाहर रखा जाएगा, तो जिस प्रकार कहा गया है कि संदाय और निपटान प्रणाली भारत की अर्थव्यवस्था की रीढ़ की हड्डी स्वरूप है, तो इस रीढ़ की हड्डी को मजबूत करने की आवश्यकता है तभी यह ढांचा ठीक से चलेगा। जब ढांचा ठीक चलेगा तभी देश की व्यवस्था सुदृढ़ होगी। परन्तु इसमें इसका अभाव दिखाई दे रहा है। मैं माननीय मंत्री महोदय से निवेदन करना चाहूंगा कि वे बताएं कि स्टॉक एक्सचेंज, कॉमोडिटी एक्सचेंज, सराफा लेन-देन, प्रॉमिसरी लेन-देन वाला सिस्टम और जो क्रेडिट कार्ड लेन-देन का सिस्टम है, उसके बारे में वे सदन के माध्यम से देश की जनता को अवगत कराएं। फिर जो पेमेंट सिस्टम है, जैसे एक लेनदार ने देनदार को कोई चेक दिया जो किसी एक बैंक काज, अगर वह उसी बैंक में या उसकी शाखा में उस चेक को जमा कराते हैं तो जल्दी पेमेंट हो जाता है। किसी और बैंक में जमा कराते हैं तो उसे समय पर पेमेंट नहीं मिलता है। कई बार एक दिन, दो दिन या तीन दिन का समय तक लग जाता है। कहते हैं कि क्लीयरेंस में जाएगा, फिर क्लीयरेंस से आयेगा और फिर उसे दोहरा कमीशन देना पड़ता है। इससे जो लेनदार है, जिसको संदाय होना है उसको परेशानी होती है। अच्छा होगा अगर इस बिल में इस परेशानी को दूर करने के लिए भी कहीं-न-कहीं, किसी न किसी प्रकार का प्रावधान किया जाए। नहीं तो यह सीमित संस्थाओं के लिए है और जो ढर्रा चल रहा है उस ढर्रे में बहुत ज्यादा सुधार की गुंजायश दिखाई नहीं देती है। [\[r87\]](#)

आज भौतिक युग है, सूचना प्रौद्योगिकी के क्षेत्र में बहुत तेज गति से विकास हो रहा है। इलेक्ट्रॉनिक क्षेत्र में भी बहुत तेज गति से विकास हो रहा है। लेन-देन की नई-नई प्रणालियां, नई-नई पद्धतियां रोज विकसित होती जा रही हैं। सरकार सोच भी नहीं सकती है कि किस प्रकार की नई-नई लेन-देन की पद्धतियां विकसित हो रही हैं, जो देश की अर्थव्यवस्था को प्रभावित करती हैं। ये पद्धतियां देश की सुदृढ़ अर्थव्यवस्था को कमजोर करने का काम करती हैं।

मैं माननीय मंत्री जी से अनुरोध करना चाहता हूं कि जिस प्रकार यह अच्छा प्रयास किया गया है, इस प्रकार के प्रयास करते समय अगर किसी प्रकार की और खामियां भी सामने आती हैं, उन्हें भी संशोधन विधेयक ला कर समाधान करने का प्रावधान करें, ताकि देश की अर्थव्यवस्था सुदृढ़ हो।

SHRI S.K. KHARVENTHAN (PALANI): Mr. Chairman, Sir, I thank you for giving me this opportunity to speak in support of the Payment and Settlement Systems Bill.

Sir, through the Payment and Settlement Systems Bill, our hon. Finance Minister has aimed to streamline the remittance of funds from one bank to another throughout the country. Through 'Society for worldwide Inter Bank Financial

Telecommunications' (SWIFT), our people are getting money from abroad without paper-based transfer. Our bankers are getting money from all countries in a speedy manner. Likewise, this Bill is intended to provide quicker payment without any settlement risk. In our country hosts of payment systems are in operation ranging from manual paper-based clearing to the Real Time Gross Settlement (RTGS) System for facilitating non-cash mode of payments. Currently, the Reserve Bank of India manages the Real Time Gross Settlement System.

The various retail payment systems in operation include the manual paper-based clearing, MICR clearing, Electronic Funds Transfer System, Card Based Payment Systems, Government Securities Clearing, Forex Clearing etc. The paper-based cheque processing is operated and managed by the Reserve Bank of India at the four metro centres, whereas at 12 other centres it is operated by public sector banks and managed by the Reserve Bank of India and the remaining centres are operated and managed by certain public sector banks.

The retail payment systems comprise both paper-based as well as electronic systems. The Clearing Houses clear and settle transactions relating to various types of paper-based instruments like cheques, drafts, payment orders etc. the Clearing Houses are voluntary bodies set up by the participatory banks and post offices and they function in an autonomous manner. Electronic Clearing System (ECS) both for credit and debit operations is functioning at 64 places, out of which 15 are managed by the Reserve Bank of India and the remaining are managed by the State Bank of India and other public sector banks. Electronic Funds Transfer (EFT) system is operated in 15 places by the Reserve Bank of India. National Electronic Funds Transfer System is also operated by the Reserve Bank of India.

The Clearing Houses are not legal entities. The rules and regulations for the functioning of Clearing Houses are contractual in nature. The Real Time Gross Settlement System is operated by the Reserve Bank of India and Inter-Bank Government Securities and Foreign Exchange Clearing Systems are operated by the Clearing Operation of India Limited. At present, there is no law which empowers the Central Bank to regulate and oversee the payment and settlement systems. This Bill was introduced in the Lok Sabha on the 25th July, 2006. The Bill was referred to the Standing Committee and it submitted its report on the 16th May, 2007.

The Bill empowers the Reserve Bank of India to act as the designated authority with the powers to regulate the various payment and settlement systems in the country, to lay down operational and technical standards for various payment systems, to call for information and furnish returns and documents from service providers, to issue directions and guidelines and to system providers to audit and inspect the systems and premises of the system providers to lay down the duties of the system providers.[\[R88\]](#)

[\[r89\]](#)The Bill designates the Reserve Bank of India as the designated authority for the regulation and supervision of payment systems in India for the smooth operations.

This Bill paves way to constitute a Committee for the purpose of exercising the powers and performing the function. Governor, Reserve Bank of India will be the Chairman of the Committee and Deputy-Governor who is in charge of Payment and Settlement Systems shall be the Vice-Chairman of the Board to regulate the payment systems. The Committee will have three directors nominated by the Governor, Reserve Bank of India.

As per section 24(5) of this amendment Bill, if any dispute arose between RBI and another system participant, the matter shall be referred to Securities Appellate Tribunal but as per the suggestion of the Standing Committee now it is decided to give power to the Central Government with the power to solve the dispute.

In recent days, throughout the country, a large number of criminal cases are pending in various criminal courts for dishonour of cheques under section 138 of Negotiable Instrument Act. In electronic fund transfer also there is every possibility of cheating. According to section 25(1) of this Bill electronic funds transfer initiated by a person cannot be executed because of the account of money standing to the credit of the account is insufficient to honour the transfer instruction. Such act is an offence and such person is liable to be punished for two years.

On considering these aspects, I welcome and support this Bill. This is another welcome step taken by the hon. Finance Minister.

SHRI VARKALA RADHAKRISHNAN (CHIRAYINKIL): Sir, I rise to support the Bill, but at the same time, I will be failing in my duty if I do not point out certain difficulties that arise in future transactions.

This is a very important piece of legislation. It will have far reaching consequences in our day to day life and also the system

will definitely bring in certain changes in the payment transactions also. So, I am not trying to deal with all these aspects, but one basic matter to which I would like to draw the attention of the hon. Minister, who has piloted the Bill, is with regard to regulation.

As per the Act, the power is given to the Reserve Bank of India. Now, we can delegate power to the Government of India. But we cannot delegate power to the Reserve Bank of India, which is only a body constituted by the Government under an Act. So, delegation is all right, if it is delegation to the Government of India, to the concerned Ministry, but at the same time, if the Reserve Bank is in need of making regulation, the Government of India can make regulation in consultation with the Reserve Bank of India. The regulations that are promulgated by the Reserve Bank of India, after getting the consent of the Government, is not good. The regulation must be given effect to by the Government itself and not by the Reserve Bank.

Prior consultation with the Reserve Bank is all right, but the Reserve Bank itself giving the regulation, after consulting the Government, is not proper. Let the Government take the final decision with regard to regulations that are to be implemented because it will create difficulties in future also. If the hon. Minister is not aware of it, he may think over it. From my own experience and from my legal knowledge, it is not safe to entrust the matter with a body other than the Government of India. That is one aspect that I would like to point out.

Another difficulty that may arise is with regard to the insolvency. In our country many things may be hidden. We do not know what the provisions of the Act will yield, especially, in money transactions, this is possible. A court may declare a person insolvent.[\[r90\]](#)

The system participant and the system provider can collude themselves. The poor man who is giving his belief or who is acting on that basis, will be defrauded. We have to prevent such malpractices, knowing that there is insolvency previous to entering into a system in practice. So, there are chances of defrauding first by the system provider and then the system. Even the definition of system provider has also some defect. There is not much difference between these two items, namely, 'system provider' and 'system participants'. Many a time it is likely to happen that the insolvent person knows that he will become insolvent but he is making payments and he is making himself obligatory to make the payment. That will also create difficulties in future.

Moreover, the criminal element is there in all money transactions. We know that the *mafia* is working in our country especially in such transactions. So, people who are accustomed to *mafia* practices can easily get into this system and defraud many innocent people who urge upon or who believe in it. Such things have prevalence. In future, definitely, we will have to deal with the criminal situation because the *mafia* elements are there in our country. They are likely to enter into the field and make the system a failure. Payments system will be a failure. Moreover, the definition also is not clear.

These are some of the observations which I have to make before this House. The hon. Minister, no doubt, replied loud, but in future he will have to think over this matter. It is because, in money matters, our country is not safe. Especially the *mafia* is very active in this field. There are chances of *mafia* entering into this field because it is a failure of all the prevailing systems. Throughout the economic activities, throughout the nation, lots of people will be affected. On money matters, even the economy is also to be affected by this system. In that case, any *mafia* element entering into the field will definitely disrupt the entire proceedings.

So, I would request the hon. Minister to consider all these suggestions and, if necessary, he will have to come with suitable amendments in future.

With these words, I support the Bill.

MR. CHAIRMAN : Shri Shailendra Kumar – not present.

SHRI B. MAHTAB (CUTTACK): Sir, initially, the objections to this Bill were relating to entrusting Central Banking functions to a non-bank constituted under Companies Act, 1956 and the violation of Section 45 (1) of RBI Act, 1934.

18.33 hrs.

I am yet to get a convincing answer to this. I am aware that there is no explicit law at present enabling RBI or any other institution for direct regulation and oversight of the diverse payments systems in the country. Approximately, 1050 clearing houses, which are located all over the country, are run by various banks. The clearing houses are clearing paper instruments manually. Only 45 clearing houses have mechanised clearing. There is lack of standardisation in their methods of work. Many a times, their operations are operationally risk prone. More perturbing aspect is that RBI does not have powers to regulate them. Yet, there are a section of people who say this Bill is unnecessary. Today, the position is that people are buying cheques which can be encashed in any of the banks when electronically banks are connected. RBI is not in a position to control it. RBI had mooted a proposal in its Vision Document 2005-2008 on Payment and Settlement System in India that a separate organisation be set up for retail payment system in place of the existing arrangement of clearing houses and the settlement of accounts thereof by RBI.[\[r91\]](#)

Banks are moving towards global arena. Level of technology also varies. When world is developing into a small spectrum with the tremendous increase in clearing funds, there is a need to take up modern technology. Users will be immensely benefited. One should bear in mind that money is considered as a means of exchange. With net coming into force, money has moved from paper to electronic form.

I was astonished to learn that the amount of money movement today is much more than the money that is with the bank. The legal basis for the functioning of the clearing houses is the "Uniform Rules and Regulations for Bankers", which is derived under the Indian Contracts Act, 1872. All member banks of a clearing house enter into a contractual relationship with the manager of the clearing house. Nearly Rs. 1 lakh crore of transactions move through netting systems each day. There is an urgent need, therefore, for keeping our financial market free from legal uncertainty. There is an apprehension that soon private players will enter the field of clearing house transactions. An amendment has been circulated now to allay that apprehension. New innovations and technology in settlement are also imminent. With this advent of private players and technology, it is advocated to have this Bill.

This Bill gives legal recognition to the netting procedures and settlement finality. This Bill considers paper, cash, cheque, drafts, electronic fund transfer, credit/debit card; transfers to be a part of payment as well.

This Bill empowers the Reserve Bank of India to act as the designated authority to regulate and oversee various payments and settlements; to lay down procedures for authorisation of payment system; and to audit and inspect the systems and premises.

It is said that the purpose of this Bill is to discharge the Reserve Bank of India of the duality of its functions, that of a service provider and that of a regulator. But, do you not think that even after this Bill becomes an Act, the Reserve Bank of India will continue to have a supervisory role and yet be the regulator?

There have been reservations relating to the whole reasoning and necessity for this Bill. The existing legal provisions particularly to Sections 58 (P) and 58 (PP) of the RBI Act, 1934 adequately empowers the RBI to regulate and oversee system operations. Though it is being claimed that many advanced countries are divesting their Central Bank from doing payment and settlement system, it is learnt that today even the United States of America's Central Bank is still actively involved in extending this service. Should we consider that this is a banking activity or not? I would like to know from the Government whether the Reserve Bank of India at present is earning around Rs.300 crore from clearing house functions. Is it true that with the establishment of the National Payments Corporation of India it would lose this resource?

Another fundamental question is there. Should we consider payment and settlement systems to be a banking activity or something else? When the Reserve Bank of India is to entrust the operations of all retail payment systems to a separate legal entity at the national level, should it be presumed that the Reserve Bank of India is shedding its responsibility? Is it not true that the number of employees in the Reserve Bank of India has come down? Jobs are being trimmed and work is being outsourced.[\[h92\]](#)

By delegating this payment and settlement system to a separate entity, how many RBI and bank employees would be relieved from their services? How many personnel were engaged in this job? It may be a matter of opinion, and there may be a better scope to create more facilities if it is done by the NPCI, but nothing should be done by trimming jobs.

Before concluding, Sir, I would say that it was a long-felt need to build in trust relating to paperless money transactions. This Bill will regulate and oversee the various payment and settlement systems in the country including those operated by non-banks like CCIL, card companies and other payment system providers. The Government has accepted invariably all the suggestions and recommendations of the Standing Committee, and another suggestion of the Reserve Bank of India. The only question that has not been addressed is regarding the possible loss of jobs, who are engaged in clearing. We would like to

hear from the hon. Finance Minister.

With these few words, I support the Payment and Settlement Systems Bill, 2006.

DR. THOKCHOM MEINYA (INNER MANIPUR): Sir, I rise to support the Payment and Settlement Systems Bill, 2006.

*Thank you Mr. Chairman, Sir, I rise to support the Payment and Settlement System Bill, 2006. Initiating the discussion on Friday, in this august House, the Hon'ble Finance Minister made a detailed briefing on the proposed legislation. Such introductions are uncommon but very enlightening. He mentioned about the genesis and history of this Bill and the role of the Government in formulating this Bill. He also deliberated upon the necessity of such a legislation pertaining to payments and settlements in our financial system. It is contemplated that the new law would bring about positive changes and progress in the system. So, I feel that there is hardly any need for an elaborate discussion on this Bill.

However, I would like to say a few things on our financial system particularly in connection with payments, settlements and other financial transactions. It is a well-known fact that payment and settlement is the backbone of our financial system. Keeping in view its importance, our Government brought this Bill last year in this House, on July 25. Thereafter, it was referred to the Parliamentary Standing Committee. The Committee had submitted its report in May this year.

The Government has incorporated almost all the suggestions and recommendations made by the Standing Committee in the Bill. Now, the Bill is before us. Though the Hon'ble Members have made various suggestions and proposed some amendments here and there. I believe that all of them have endorsed the Bill.

The procedure we have been practicing for financial payments and settlements are based on paper, cheques and Government securities. But today's electronic transactions and clearances are not properly controlled and regulated.

* English translation of the speech originally delivered in Manipuri

Since there is no prescribed rule or law, voluntary associations and private financial institutions are having a free hand. In order to regulate and monitor such activities, the RBI is going to be made the regulatory authority. For this, the RBI will be provided with some power and functions under this law.

There are difficulties in paper-based transactions and clearances. For instance, delay in sending cheque from one bank to another, waiting for clearance, delay in endorsement, sanction from the RBI, etc. Obviously, there is delay and there is wastage of time and energy. The new dispensation under the new law will certainly remove all these difficulties. In this new regime, there will be no wastage of time and energy and there will be no delays in clearance, payment and settlement. And, of course, it will be less expensive. Moreover, cheating and malpractices in the system will be reduced to a great extent.

The RBI being the regulatory body will be able to regulate and monitor the entire gamut of payments and settlements in the country. Money plays a crucial role in our lives. We always have a tendency to bungle in every financial transaction. Such practices shall wither away by the introduction of an integrated electronic clearance system.

Dr. R.H. Patel, Chairman of the Clearing Corporation of India has made some prudent recommendations. The Government have already taken care of those recommendations. Now, we have this Bill before us, namely, the Payment and Settlement System Bill, 2006. All of us should extend our support to the Hon'ble Finance Minister in passing this important Bill. I hope all the amendments proposed by the Government and the suggestions made by the Hon'ble Members are put together and incorporated. Once again, I appeal to all the Hon'ble Members to pass this Bill in one voice.

SHRI SURAVARAM SUDHAKAR REDDY (NALGONDA): Sir, the Payment and Settlement Systems Regulation Bill is one very important Bill because there is a necessity to regulate different systems of the payments, and particularly the real time cross settlement systems for facilitating non-cash mode of payment etc. It is a long-felt need for quite a long time.

But there are certain problems which have been raised by the Trade Unions in the banking sector about this. Firstly, about 50 lakh cheques are supposed to be cleared everyday throughout the country in more than a thousand centres which are doing the clearings. I think about Rs.2 is charged by these banks for clearance. Thus, about Rs.300 crore in a year is

being the revenue source for several banks through these clearances. Now, these banks are losing about Rs.300 crores in which a big majority is in the Public Sector Banks. This is one point which should be taken into consideration.

But the other point is the Reserve Bank would like to shed its responsibility and give this responsibility to this new Corporation. Is it because of the administrative reason? The Reserve Bank is the main bank that regulates the banking system in the country. In several countries, including in the United States of America, as the previous speakers were telling us that this is being regulated by the Federal Bank or the Central Bank in those countries. There are experiences in other countries where an independent corporation or a company is doing this type of activity.

Now, there is an official amendment by the hon. Minister, and according to this, now in the Reserve Bank Clearing Houses and all these things, 51 per cent of the equity of such company or corporation shall be held by the Public Sector Banks.[\[m93\]](#)

[\[k94\]](#)

This is a good thing. This has been demanded by many people. But, on the question of the clearing and all these things, we would like to know why this 49 per cent share is being given for the private banks including foreign banks. I was told the American Bank is also going to be a partner in this. By this, if foreign banks are allowed, there will be no confidentiality in the banking system. Maybe, in several countries this type of a thing is allowed. But, in our country, in the present juncture where the public sector banks are doing a good job and are very profitable, it is possible that these public sector banks can be given this responsibility and instead of 51 per cent this whole corporation can be owned by public sector which is easier naturally for the Reserve Bank to regulate. In spite of these, the overall management has to be through the Reserve Bank of India. I do not understand why the 49 per cent is given to them. Just a two per cent of rise is going to change the entire balance in favour of the private sector.

This is one very important thing. I do not understand why this corresponding new bank is going to be given this 49 per cent of the share. But, otherwise, our Party also feels that there is a necessity about regularisation of these different modes of these payment and settlement system. While, we support, we appeal to the hon. Minister to clarify if there is a possibility, he may say whether it is only a vague thing or are you going to keep it in the public sector.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): I will clarify it.

SHRI SURAVARAM SUDHAKAR REDDY : Thank you very much.

MR. CHAIRMAN : The hon. Minister to reply now.

SHRI KHARABELA SWAIN : Sir, I would like to make a point about my amendments.

SHRI P. CHIDAMBARAM : When I move the amendment, you can mention it. ...*(Interruptions)*

SHRI KHARABELA SWAIN : Sir, will I be allowed?

MR. CHAIRMAN : Yes. The hon. Minister to reply now.

SHRI P. CHIDAMBARAM: Sir, in my opening statement I spent more than the usual time that Ministers spend when introducing the Bill only to clarify what appeared to be very genuine apprehensions in the minds of several people. This is not an easy Bill to understand. Although the content of the Bill is quite simple, the manner in which the Bill uses technical language and the Sections are arranged, I can quite appreciate that it required a little clarification. In fact, in order to clarify my own mind, I dictated a four-page note to myself and I used that note to make the statement.

Let me briefly explain what this is. Clearing takes place everyday. Someone said it takes place in lakhs of crores of rupees. Some years ago the only form of paying and clearing was by cheque. The paper cheque will be taken from one bank to another bank, and then they will clear it and then the money will be credited. It will take several days. Today a number of different payment systems have come. We have got paper cheques, we have got MICR cheques, we have foreign exchange transactions, we have got Government securities being transacted which are in dematerialised form, and then we have got credit card payments where I pay by credit card and somebody settles it. Different modes of payment have come.

These payments have to be netted out. That is why the concept of netting is there. How is payment being done in India? RTGS – the Real-time Gross Settlement is a highly technologically manner of settlement. That is being operated by the RBI and RBI will continue to operate it. In the four metropolitan cities RBI is the service provider and RBI will continue to be the service provider. Where the RBI has got regional offices, it does payment service and that will continue with the RBI. We have got the Clearing Corporation of India Limited which does foreign exchange transactions and Government securities. That Corporation will continue to perform those functions.

But there are also in this country 1,068 clearing houses. Now, who owns these clearing houses, who manages these clearing houses? For example, in a city like Chennai it is possible that the Indian Bank is managing this clearing house. In a city like Mysore, maybe it is the State Bank of India and the State Bank of Mysore which are managing it. [k95]

In a city like Guwahati, maybe it is United Bank of India and Allahabad Bank which are managing it. These are managed in 1068 places and other banks which want to use that payment system have to enter into a contract with that owner and manager and then pay, as somebody said, a certain fee and then the clearing takes place. Now, we cannot have 1068 different units managing 1068 clearing houses, each with different standards, different norms, and different qualities. We must have a uniform system, with a uniform high quality throughout the country. Therefore, the payment system is being strengthened by saying that all of this now will be regulated. Please remember that today this is not regulated and there is no regulatory power. This is being done under a contractual arrangement. Therefore, if there is a dispute between the payment making bank and the payment settling bank, it goes into all kinds of litigation and arbitration. So, what we are trying to do is to bring some order into the system and these 1068 units will, not immediately but over a period of time, come under the National Payment Corporation of India, which will be licensed by the Reserve Bank of India and regulated by the Reserve Bank of India.

The question is : who will own this NPCI? Obviously, the banks which are owning the clearing houses have to own the new NPCI. I have said that nobody will be allowed to own more than ten per cent of the NPCI. The State Bank will own ten per cent, the big public sector banks will own ten per cent each, but the private sector banks are also doing clearing. They must also have a share of this. Therefore, this is implicit, but since the hon. Members demanded that it should be made explicit, I have readily said that we will make it explicit and that is why, the new amendment has been introduced. We have made it explicit that the NPCI will be a public sector corporation owned by the public sector banks. Sudhakar Reddy *garu* asked me what this corresponding new bank is. The corresponding new bank is the technical language for nationalised banks. Under the Banks Nationalisation Act, the nationalised bank is called the corresponding new bank because old bank was taken over and new bank was created. That is called the corresponding new bank. You know that State Bank of India is the State Bank of India. The subsidiary bank is subsidiary of the State Bank of India. There are seven subsidiaries of the State Bank of India. The public sector banks will own not less than 51 per cent in this Corporation and some private sector banks are also to be given shares. The scheduled co-operative banks, which are also part of the clearing system, will have to be given shares, but RBI will regulate that.

Now, we are trying to bring some order. Why are we doing this? We are doing this because we are no longer a small economy doing small number of transactions. We are a large economy and under the Bank of International Settlement, they have laid down ten core principles. We subscribe to all the principles, but to the first principle, we are not yet subscribing. The first principle says that you must have a well regulated statutory basis for payment system. Since we do not have one, the rest of the world is looking upon us with some degree of suspicion. We do not have a well regulated statutory regulated payment system. We are filling that gap by introducing this Bill.

Let me tell you that the author of this Bill is RBI, the driver of this Bill is RBI. When the RBI drafted this Bill, they sent it to the R.H. Patil Committee. Mr. R.H. Patil and his Committee spent a lot of time and have given a thick report. Please read the report. It is available in the public domain. I have referred to it in my opening speech. Then, the R.H. Patil Committee went back to the RBI and then the RBI finalised the draft Bill. Then, the Government took over. We went to the Law Ministry, and in consultation with the RBI, we have drafted the Bill. There need be no apprehension. Tomorrow new systems will come. I am told now technology is developed to make payment by mobile telephone. Now somebody has to regulate it. I make a payment to you of one lakh rupees by mobile telephone. I make it through my mobile service provider and you get it through another service provider. Now there is a dispute and then somebody has to regulate all this. This cannot be left to be done in an unregulated manner. Therefore, this will have to be licensed now and the RBI is the licensing authority under section 4.

Hon. Member, Shri Radhakrishnan raised the question why we are allowing the RBI to make the regulations. The original section was that with the previous sanction of the Government, RBI will make the regulation, but the Standing Committee said that this is not correct. Like SEBI can make regulations on its own, the RBI must be allowed to make regulations. Please see last sub-section. The regulations have to be placed before the Parliament and Parliament can amend the regulation. So, if the Government is not happy with the regulation, when the regulation is placed before the Parliament, we will amend the regulation

or you can amend the regulation.[\[s96\]](#)

19.00 hrs.[\[r97\]](#)

Further, the regulations will come into force only after the amendments are made. This is the clause in the Bill.

Why are stock exchanges kept out of this? Stock exchanges are kept out of this because they are not doing clearing activities. They are only doing regulation of securities, and clearing of securities is done by the Clearing Corporation of India Limited (CCIL), and not by SEBI. Therefore, SEBI and stock exchanges are kept out of this. SEBI is a regulator of stock exchanges, and we do not bring stock exchanges into this.

There were also questions about profit. It is true that RBI is making a profit of about Rs. 180 crore. Actually, it is not a profit, but an income of about Rs. 180 crore. But Rs. 120 crore is spent on the operations. Therefore, the real profit is only Rs. 60 crore, and RBI is using this Rs. 60 crore for upgrading technology in the five MICR centres operated by the RBI, and the 60 MICR centres operated by other banks.

What are we doing about it? NPCI is a non-profit Corporation, and it is a section 25 company. They will still charge Rs. 2 a cheque for any profit, but when they make the money that money cannot be distributed as dividend to any shareholder. It will have to be kept with the NPCI and ploughed back into the company for improving the technology; for improving the equipment, so that as and when technology improves we will introduce new technologies into the system. It is a non-profit company, and nobody can make a profit out of it and the shareholders cannot get any dividend. It will be ploughed back into the companies.

There was an apprehension whether jobs will be lost. No jobs will be lost. The RBI will continue to run its four centres; RBI will continue to run the RTGS; RBI will continue to provide whatever it is providing; and CCIL will continue to provide whatever it is providing. The new clearing houses and new payment system providers will be regulated. As new technologies come in, in fact, I expect jobs to be created, and nobody is going to lose his job. There need be no apprehension that any jobs will be lost.

With these words, I am grateful to all sections of the House, especially, the Standing Committee Members, who, I think, took great pains in recommending this. We are also grateful to my Left friends, who had some apprehensions. We have introduced an amendment to allay those apprehensions. I would request that the Bill be passed. I have some official amendments in which I am accepting the recommendations.

SHRI SURAVARAM SUDHAKAR REDDY : Why cannot we have it in the Banking Regulation Act if there is the Companies Act?

SHRI P. CHIDAMBARAM : I cannot make it in the Banking Regulation Act because please, look at the Bill, there are a dozen definitions, which have to be introduced. If I introduce it in the existing Act, then I will have to add 'aa', 'ab', 'ac', etc. Therefore, we must have a standalone Act. In fact, the R. H. Patil Committee has extracted the core principles, and the first core principle is that the system should have a well-founded legal basis under all relevant jurisdictions.

A separate standalone Act is a new piece of legislation where all the definitions are there. Further, there is the Section conferring licencing power, and there are various other provisions in it. If I start amending an existing Act, then I will have to start introducing section '58 (a)', section '59 (b) (ii)', etc., and it would become very complicated. How would you read all that together? I am doing this because there are other provisions in other Acts too. Therefore, it is best to have a standalone Act for this.

MR. CHAIRMAN: The question is :

"That the Bill to provide for the regulation and supervision of payment systems in India and to designate the Reserve Bank of India as the authority for that purpose and for matters connected therewith or incidental thereto, be taken into consideration."

The motion was adopted.

MR. CHAIRMAN: The House shall now take up clause by clause consideration of the Bill. Shri P. Chidambaram.

Clause 2

Definitions

Amendments made:

Page 2, for lines 10 to 30, *substitute*, --

'(v) Such other bank as the Reserve Bank may, by notification, specify for the purposes of this Act.

(b) "derivative" means an instrument to be settled at future date, whose value is derived from change in interest rate, foreign exchange rate, credit rating or credit index, price of securities (also called "underlying"), or any other underlying or a combination of more than one of them and includes interest rate swaps, forward rate agreements, foreign currency swaps, foreign currency rupee swaps, foreign currency options, foreign currency rupee options or any other instrument, as may be specified by the Reserve Bank from time to time;

(c) "electronic funds transfer" means any transfer of funds which is initiated by a person by way of instruction, authorization or order to a bank to debit or credit an account maintained with that bank through electronic means and includes point of sale transfers, automated teller machine transactions, direct deposits or withdrawal of funds, transfers initiated by telephone, internet and card payment;

(d) "gross settlement system" means a payment system in which each settlement of funds or securities occurs on the basis of separate or individual instructions;

(e) "netting" means the determination by the system provider of the amount of money or securities, due or payable or deliverable, as a result of setting of or adjusting, the payment obligations or delivery obligations among the system participants, including, the claims and obligations arising out of the termination by the system provider, on the insolvency or dissolution or winding up of any system participant or such other circumstances as the system provider may specify in its rules or regulations or bye-laws (by whatever name called), of the transactions admitted for settlement at a future date so that only a net claim be demanded or a net obligation be owed;'. (3)

Page 2, line 31, for "(e)", substitute "(f)" (4)

Page 2, line 32, for "(f)", substitute "(g)" (5)

Page 2, line 36, for "(g)", substitute "(h)" (6)

Page 2, for lines 40 to 42, substitute, --

'(i) "payment system" means a system that enables payment to be effected between a payer and a beneficiary, involving clearing, payment or settlement service or all of them, but does not include a stock exchange.

Explanation:-- For the purposes of this clause, "payment system" includes the systems enabling credit card operations, debit card operations, smart card operations, money transfer operations or similar operations;'. (7)

Page 2, line 43, for "(i)", substitute "(j)" (8)

Page 2, line 44, for "(j)", substitute "(k)" (9)

Page 2, line 45, for "(k)", substitute "(l)" (10)

Page 3, for lines 1 to 3, substitute, --

'(m) "securities" means the Government securities as defined in the Public Debt Act, 1944 or such other securities as may be notified by the Central Government from time to time under that Act;'. (11)

18 of 1944.

Page 3, line 4, for "(m)", substitute "(n)" (12)

Page 3, for lines 7 to 12, substitute, --

'(o) "systemic risk" means the risk arising from --

(i) the inability of a system participant to meet his payment obligations under the payment system as and when they become due; or

(ii) any disruption in the system,

which may cause other participants to fail to meet their obligations when due and is likely to have an

impact on the stability of the system:

Provided that if any doubt or difference arises as to whether a particular risk is likely to have an impact on the stability of the system, the decision of the Reserve Bank shall be final;'. (13)

Page 3, line 13, for "(o)", substitute "(p)" (14)

Page 3, line 15, for "(p)", substitute "(q)" (15)

(Shri P. Chidambaram)

MR. CHAIRMAN: Shri Prabodh Panda, are you moving your amendment? All right, he is not present in the House.

The question is:

"That clause 2, as amended, stand part of the Bill."

The motion was adopted.

Clause 2, as amended, was added to the Bill.

Clause 3

Designated authority and its Committee

Amendment made:

Page 3, for lines 24 to 38, substitute, --

"(2) The Reserve Bank may, for the purposes of exercising the powers and performing the functions and discharging the duties conferred on it by or under this Act, by regulation, constitute a committee of its Central Board to be known as the Board for Regulation and Supervision of Payment and Settlement Systems.

(3) The Board constituted under sub-section (2) shall consist of the following members, namely:â€"

- (a) Governor, Reserve Bank, who shall be the Chairperson of the Board;
- (b) Deputy Governors, Reserve Bank, out of whom the Deputy Governor who is in-charge of the Payment and Settlement Systems, shall be the Vice-Chairperson of the Board;
- (c) Not exceeding three Directors from the Central Board of the Reserve Bank to be nominated by the Governor, Reserve Bank.

(4) The powers and functions of the Board constituted under sub-section (2), the time and venue of its meetings, the procedure to be followed in such meetings, (including the quorum at such meetings) and other matters incidental thereto shall be such as may be prescribed.

(5) The Board for Regulation and Supervision of Payment and Settlement Systems constituted under e (i) of sub-section (2), of section 58 of the Reserve Bank of India Act, 1934 shall be deemed to be the Board constituted under this section and continue accordingly until the Board is reconstituted in accordance with the provisions of this Act and shall be governed by the rules and regulations made under the Reserve Bank of India Act, 1934 in so far as they are not inconsistent with the provisions of this Act.". (16)

(Shri P. Chidambaram)

MR. CHAIRMAN : The question is:

"That clause 3, as amended, stand part of the Bill."

The motion was adopted.

Clause 3, as amended, was added to the Bill.

Clause 4

Payment system not to operate without authorisation

Amendments made:

Page 3, for lines 41 to 48, *substitute*--

"4. No person, other than the Reserve Bank, shall commence or operate a payment system except under and in accordance with an authorization issued by the Reserve Bank under the provisions of this Act:

Provided that nothing contained in this section shall apply to—

(a) the continued operation of an existing payment system on the commencement of this Act for a period not exceeding six months from such commencement, unless within such period, the operator of such payment system obtains an authorization under this Act or the application for authorization made under section 7 of this Act is refused by the Reserve Bank;" (17)

Page 4, *after* line 9; *insert* the following –

(2) 'The Reserve Bank may, under sub-section (1) of this section, authorize a company or corporation to operate or regulate the existing clearing houses or new clearing houses of banks in order to have a common retail clearing house system for the banks throughout the country;

Provided, however, that not less than fifty one per cent of the equity of such company or corporation shall be held by public sector banks.

Explanation: For the purposes of this clause, "public sector banks" shall include a "corresponding new bank", "State Bank of India" and "subsidiary bank" as defined in Section 5 of the Banking Regulation Act, 1949 (10 of 1949).' (35)

(Shri P. Chidambaram)

...(Interruptions)

SHRI KHARABELA SWAIN : Sir, I have something to say on this amendment.

Per se, I have nothing to say against this amendment itself. But the way the amendment has been brought, I have something to say.

MR. CHAIRMAN : Your amendment is something similar.

SHRI KHARABELA SWAIN : Sir, please allow me to speak. I have a very substantial point to raise. Sir, the thing is that just like any other Bill, this Bill was sent to the Standing Committee on Finance. I am a Member of the Standing Committee on Finance and we made several recommendations and the hon. Minister has accepted them.

MR. CHAIRMAN: The Standing Committee's recommendations were accepted.

SHRI KHARABELA SWAIN : Sir, please allow me to speak. Sir, we have made some recommendations and the hon. Minister has accepted them. I thank him very much for the same.

Coming to this amendment No. 35 to clause 4 says, "Provided, however, not less than fifty one per cent of the equity of such company or corporation shall be held by public sector banks". The Standing Committee on Finance did not make this recommendation. Only one Member of the Committee gave a dissenting note. Since one Member from the Left gave a dissenting note, the Government is bringing in this amendment. Then, what is the need of having the Standing Committee? You dissolve it. I feel very insulted. Why should there be a Committee like this? We made a recommendation, but one or two persons, who are in a minority, objected to it. But why should they have dominance over everything? I very strongly object to this amendment brought by the Government.

SHRI P. CHIDAMBARAM: I am very grateful to Mr. Swain. He is a hon. Member of the Standing Committee. I know that he has participated in the meetings. All the amendments proposed by the Standing Committee have been accepted by the Government. I, in my opening speech, said that the State Bank will have ten per cent share, public sector banks, at least, five of them will have ten per cent share, and the majority of shares will, indeed, be held by the public sector banks because after all, public sector banks have the dominant share of the banking business in the country. Nevertheless, hon. Members felt that if it is implicit in what I say, why do I not make it explicit? In NPCI, public sector banks will always have 60-65-70% shares. This is what is implicit. You understood what is implicit; they want to have it explicit. What does it matter? So, we made it explicit. We have accepted it.

SHRI KHARABELA SWAIN : It was discussed and he was told by the officers, still he gave this.

SHRI P. CHIDAMBARAM: Does not matter.

MR. CHAIRMAN: I appreciate your view; that is all right.

The question is:

"That clause 4, as amended, stand part of the Bill."

The motion was adopted.

Clause 4, as amended, was added to the Bill.

Clauses 5 and 6 were added to the Bill.

Clause 7

Issue or refusal of authorisation

Amendment made:

Page 5, *after* line 5, *insert*—

"(4) Every application for authorization shall be processed by the Reserve Bank as soon as possible and an endeavour shall be made to dispose of such application within six months from the date of filing of such application." (18)

(Shri P. Chidambaram)

MR. CHAIRMAN: The question is:

"That clause 7, as amended, stand part of the Bill."

The motion was adopted.

Clause 7, as amended, was added to the Bill.[\[r98\]](#)

Clause 8

Revocation of authorisation

Amendment made:

Page 5,

for lines 27 to 30, substitute,â€”

"(4) Where a system provider becomes insolvent or dissolved or wound up, such system provider shall inform that fact to the Reserve Bank and thereupon the Reserve Bank shall take such steps as deemed necessary to revoke the authorization issued to such system provider to operate the payment system.". (19)

(Shri P. Chidambaram)

MR. CHAIRMAN : The question is:

"That clause 8, as amended, stand part of the Bill".

The motion was adopted.

Clause 8, as amended, was added to the Bill.

Clause 9

Appeal to the Central Government

Amendment made:

Page 5,

for lines 35 and 36, substitute,â€”

"(2) The Central Government shall endeavour to dispose of an appeal under sub-section (1) within a period of three months.

(3) The decision of the Central Government on the appeal under sub-section (1) shall be final." (20)

(Shri P. Chidambaram)

MR. CHAIRMAN: The question is:

"That clause 9, as amended, stand part of the Bill".

The motion was adopted.

Clause 9, as amended, was added to the Bill.

Clause 10

Power to determine standards

Amendment made:

Page 5,

for lines 42 to 44, *substitute,â€*"

"(c) the manner of transfer of funds within the payment system, either through paper, electronic means or in any other manner, between banks or between banks and other system participants;". (21)

(Shri P. Chidambaram)

MR. CHAIRMAN: The question is:

"That clause 10, as amended, stand part of the Bill".

The motion was adopted.

Clause 10, as amended, was added to the Bill.

Clause 11

Notice of change in the payment system

Amendment made:

Page 6,

for lines 10 to 13, *substitute,â€*"

"11. (1) No system provider shall cause any change in the system which would affect the structure or the operation of the payment system withoutâ€"

(a) the prior approval of the Reserve Bank; and

(b) giving notice of not less than thirty days to the system participants after the approval of the Reserve Bank:

Provided that in the interest of monetary policy of the country or in public interest, the Reserve Bank may permit the system provider to make any changes in a payment system without giving notice to the system participants under clause (b) or requiring the system provider to give notice for a period longer than thirty days." (22)

(Shri P. Chidambaram)

MR. CHAIRMAN: The question is:

"That clause 11, as amended, stand part of the Bill".

The motion was adopted.

Clause 11, as amended, was added to the Bill.

Clauses 12 to 16 were added to the Bill.

Clause 17

Power to issue directions

Amendment made:

Page 7,

for lines 1 to 4, *substitute,â€*"

"(b) any action under clause (a) is likely to affect the payment system, the monetary policy or the credit policy of the country,

the Reserve Bank may issue directions in writing to such payment system or system participant requiring it. within such

time as the Reserve Bank may specify". (23)

(Shri P. Chidambaram)

MR. CHAIRMAN: The question is:

"That clause 17, as amended, stand part of the Bill".

The motion was adopted.

Clause 17, as amended, was added to the Bill.

Clause 18 to 22 were added to the Bill.

Clause 23

Settlement and netting

Amendment made:

Page 8,

for lines 2 to 6, substitute,"

"(4) Where a system participant is declared by a Court of competent jurisdiction as insolvent or is dissolved or wound up, then notwithstanding anything contained in the Companies Act, 1956 or the Banking Regulation Act, 1949 or any other law for the time being in force, the order of adjudication or dissolution or winding up, as the case may be, shall not affect any settlement that has become final and irrevocable and the right of the system provider to appropriate any collaterals contributed by the system participant towards its settlement or other obligations in accordance with the rules, regulations or bye-laws of such system provider." (24)

(Shri P. Chidambaram)

MR. CHAIRMAN: The question is:

"That clause 23, as amended, stand part of the Bill".

The motion was adopted.

Clause 23, as amended, was added to the Bill.

Clause 24

Settlement of disputes

Amendment made:

Page 8,

for lines 28 to 32, substitute,"

"(5) Where a dispute arises between the Reserve Bank, while acting in its capacity as system provider or as system participant, and another system provider or system participant, the matter shall be referred to the Central Government which may authorize an officer not below the rank of Joint Secretary for settlement of the dispute and the decision of such officer shall be final." (25)

(Shri P. Chidambaram)

MR. CHAIRMAN: The question is:

"That clause 24, as amended, stand part of the Bill".

The motion was adopted.

Clause 24, as amended, was added to the Bill.

Clause 25

Dishonour of electronic funds transfer for insufficiency etc. of funds in the account

Amendments made:

Page 8,

for lines 33 to 49, substitute,â€”

"25. (1) Where an electronic funds transfer initiated by a person from an account maintained by him cannot be executed on the ground that the amount of money standing to the credit of that account is insufficient to honour the transfer instruction or that it exceeds the amount arranged to be paid from that account by an agreement made with a bank, such person shall be deemed to have committed an offence and shall, without prejudice to any other provisions of this Act, be punished with imprisonment for a term which may extend to two years, or with fine which may extend to twice the amount of the electronic funds transfer, or with both:

Provided that nothing contained in this section shall apply unlessâ€”

- (a) the electronic funds transfer was initiated for payment of any amount of money to another person for the discharge, in whole or in part, of any debt or other liability;
- (b) the electronic funds transfer was initiated in accordance with the relevant procedural guidelines issued by the system provider;
- (c) the beneficiary makes a demand for payment of the said amount of money by giving a notice in writing to the person initiating the electronic funds transfer within thirty days of the receipt of information by him from the bank concerned regarding the dishonour of the electronic funds transfer; and
- (d) the person initiating the electronic funds transfer fails to make the payment of the said money to the beneficiary within fifteen days of the receipt of the said notice.

(2) It shall be presumed, unless the contrary is proved, that the electronic funds transfer was initiated for the discharge, in whole or in part, of any debt or other liability.

(3) It shall not be a defence in a prosecution for an offence under sub-section (1) that the person, who initiated the electronic funds transfer through an instruction, authorization, order or agreement, did not have reason to believe at the time of such instruction, authorization, order or agreement that the credit of his account is insufficient to effect the electronic funds transfer.

(4) The Court shall, in respect of every proceeding under this section, on production of a communication from the bank denoting the dishonour of electronic funds transfer, presume the fact of dishonour of such electronic funds transfer, unless and until such fact is disproved.

(5) The provisions of Chapter XVII of the Negotiable Instruments Act, 1881 shall apply to the dishonour of electronic funds transfer to the extent the circumstances admit.

*Explanation:*â€” For the purposes of this section, "debt or other liability" means a legally enforceable debt or other liability, as the case may be. (26)

Page 9,

omit lines 1 to 6. (27)

(Shri P. Chidambaram)

MR. CHAIRMAN: The question is:

"That clause 25, as amended, stand part of the Bill".

The motion was adopted.

Clause 25, as amended, was added to the Bill. [\[KMR99\]](#)

Clauses 26 and 27 were added to the Bill.

Clause 28

Cognizance of offences

Amendment made:

Page 10, *after* line 23, *insert*, -.

"Provided that the Court may take cognizance of an offence punishable under section 25 upon a complaint in writing made by the person aggrieved by the dishonour of the electronic funds transfer.". (28)

(Shri P. Chidambaram)

MR. CHAIRMAN : The question is:

"That clause 28, as amended, stand part of the Bill."

The motion was adopted.

Clause 28, as amended, was added to the Bill.

Clause 29 was added to the Bill.

Clause 30

Power of Reserve Bank to impose fines

Amendments made:

Page 10, *after* line 46, *insert*, -.

"Provided that no such direction shall be made, except on an application made by an officer of the Reserve Bank authorized by it in this behalf.". (29)

Page 11, *omit* lines 1 and 2. (30)

(Shri P. Chidambaram)

MR. CHAIRMAN : The question is:

"That clause 30, as amended, stand part of the Bill."

The motion was adopted.

Clause 30, as amended, was added to the Bill.

Clauses 31 to 33 were added to the Bill.

Clause 34

Non applicability to stock and other exchanges

Amendment made:

Page 12, *for* lines 16 to 18, *substitute*, -.

34. Nothing contained in this Act shall apply to stock

exchanges or the clearing corporations of the stock exchanges.". (31)

(Shri P. Chidambaram)

MR. CHAIRMAN : The question is:

"That clause 34, as amended, stand part of the Bill."

The motion was adopted.

Clause 34, as amended, was added to the Bill.

Clauses 35 to 37 were added to the Bill.

Clause 38

Power of Reserve Bank to make regulations

Amendment made:

Page 12, for lines 34 and 35, substitute,-.

"38. (1) The Reserve Bank may, by notification, make regulations consistent with this Act to carry out the provisions of this Act.". (32)

(Shri P. Chidambaram)

MR. CHAIRMAN : The question is:

"That clause 38, as amended, stand part of the Bill."

The motion was adopted.

Clause 38, as amended, was added to the Bill.

Clause 1

Short title, extent and commencement

Amendment made:

Page 1, line 4, for "2006", substitute "2007". (2)

(Shri P. Chidambaram)

MR. CHAIRMAN: The question is:

"That clause 1, as amended, stand part of the Bill."

The motion was adopted.

Clause 1, as amended, was added to the Bill.

Enacting Formula

Amendment made:

Page 1, line 1, for "Fifty-seventh", substitute "Fifty-Eighth". (1)

(Shri P. Chidambaram)

MR. CHAIRMAN: The question is:

"That the Enacting Formula, as amended, stand part of the Bill."

The motion was adopted.

The Enacting Formula, as amended, was added to the Bill.

MR. CHAIRMAN: There is a notice given by Shri Prabodh Panda to amend the Long Title.

Shri Prabodh Panda – not present.

The Long Title was added to the Bill.

SHRI P. CHIDAMBARAM: I beg to move:

"That the Bill, as amended, be passed."

MR. CHAIRMAN : The question is:

"That the Bill, as amended, be passed."

The motion was adopted.

MR. CHAIRMAN: The House stands adjourned to meet again tomorrow, the 27th November, 2007 at 11 a.m.

19.21 hrs.

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The Lok Sabha then adjourned till Eleven of the Clock

on Tuesday, November 27, 2007/Agrahayana 6, 1929 (Saka).

Fd by b1.e

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q.141 cd. [\[R3\]](#)

[\[R4\]](#)Fd by c1.e

Cd by d

[\[r5\]](#)

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Fd. By 'f' [\[R7\]](#)

fd. by g [\[R8\]](#)

Contd. By h1.e [\[R9\]](#)

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Fd. By k1.e [\[a12\]](#)

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Sh. shivraj v. patil cd. [\[R33\]](#)

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Shri Shivraj v. patil ctd. [\[m37\]](#)

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[\[R51\]](#)(Cd. by d3)

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cd.. by m3 [\[r58\]](#)

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Fd by o3 [\[KMR60\]](#)

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Shri Devegawda ctd

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[\[s96\]](#)contd by A5

[\[r97\]](#)SHri P. Chidambaram cd..

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Fd by d5 [\[KMF99\]](#)