

(Acquisition and Transfer of Undertakings)

[Sh. R.L. Bhatia]

and realise the dangers inherent in, its continued support for terrorism and subversion in India and to take urgent corrective action. The actual proof of Pakistan's sincerity in developing friendly relations with India will lie in Pakistan giving concrete evidence on the ground. We shall carefully watch the situation in this regard.

At the conclusion of the Sixth round of talks, the two Foreign Secretary exchanged the Instruments of Ratification of the Agreement on Prevention of Air Space Violations and the Agreement on Advance Notice of Military Exercises, Manoeuvres and Troop Movements, which were signed in New Delhi in April 1991 and subsequently ratified by the two Governments. The Foreign Secretaries have also signed a Joint Declaration on Complete Prohibition of Chemical Weapons and a Code of Conduct for Treatment of Diplomatic/Consular Personnel of India and Pakistan. These three documents signify a step forward in the pursuance of confidence building measures.

We have kept communication channels open with Pakistan. The Prime Ministers of the two countries are scheduled to meet during the NAM Summit in Jakarta.

I assure Hon'ble Members that Government is committed to normalise relations with Pakistan and to try and resolve all issues peacefully, through bilateral negotiations. In our view a dialogue is essential to keep tension in check and to lower temperatures. While we are willing to discuss all issues with Pakistan, meaningful discussions on bilateral issues, specially once more complex bilateral questions, can only be held on Pakistan stops its support to terrorism and subversion in Punjab and J & K.

(Interruptions)

* Not recorded.

MR. CHAIRMAN (SHRI SHARAD DIGHE): It is not allowed. Please do not record anything. I have not allowed. *(Interruptions)**

MR. CHAIRMAN: It is not to be recorded. *(Interruptions)**

MR. CHAIRMAN: I have not allowed you to speak. *(Interruptions)**

MR. CHAIRMAN: I have not allowed you. I have not given permission. Please do not record anything. *(Interruptions)**

MR. CHAIRMAN: Now, Shri Ansari may speak on the Banking Companies Amendment Bill.

17.18 hrs

BANKING COMPANIES (ACQUISITION AND TRANSFER OF UNDERTAKINGS) AMENDMENT BILL - CONTD

[English]

SHRI MUMTAZ ANSARI (Kodarma): Sir, the Banking Companies (Acquisition and Transfer of Undertakings) Amendment Bill is before the Parliament for its passage or for its enactment. I find that this is a very limited Bill, for a limited purpose - that the paid up capital of the banking companies must be raised from Rs. 500 crores, in the year 1980 - as it was pointed out.

It was Rs. 50 crores in the year 1970 - to Rs. 1500 crores. So, it is a salutary Bill and it will have salutary effect on the banking companies also. It must be praised and it must be supported. But certain conditions must also be imposed thereon.

First, I would like to know from the hon. Finance Minister as to why this paid up capital is going to be increased. This is a

technical Bill and I am just a layman in this regard and that is why, I would like to have a clarification from the hon. Finance Minister as to why the paid up capital of the banking companies is going to be increased. Is there any authorised limit, authorised capital? There are a number of categories capital authorised capital, subscribed capital,, paid up capital and all these things. But, you propose to increase the paid up capital only.

Once the *Lakshman Rekha* is there, once the authorised capital is there, authorised limit is there, upto that extent, every bank is free and independent to increase its limit on capital. So, I do not find any sense and I do not find any logic behind this that the paid up capital of the banking companies will be raised from Rs. 500 crores to Rs. 15000 crores. In spite of all these technicalities, I would like to go into the details of all these things.

17.20 hrs.

[SHRI TARA SINGH *in the Chair.*]

If the paid-up capital of the banking companies is going to be increased from Rs. 500 crore to Rs. 1,500 crore, what will be the purposes, what will be the aims and objects of this enhancement of the total paid-up capital? The reasons have not been assigned for enhancement of the paid-up capital. The aims and objects have also not been outlined - how this paid-up capital will be used, where this paid-up capital will be used and regionwise or percentwise or industrywise or likewise. So, I would like to have clarifications from the Finance Minister. This is just a limited Bill. Therefore, I want to confine myself to the discussion relating to the paid-up capital. If you enhance the paid-up capital, in that case, what will be the use, what will be the purpose of this paid-up capital?

First of all, I would like to point out that

there are certain basic policies or principles for the use and investment of this paid-up capital which will be available at the disposal of the banking companies. So, profitability is just estimated. It is considered as the first guiding principle for investment of all this paid-up capital in the banks.

At the same time, the safety point should also be taken into consideration. Once you just think over the profitability point of view, in that case, investment will be just misdirected and investment will be made in all the affluent areas and already infested by all these investments. If you just estimate the profitability, you also try to balance the quantity or the amount of safety. How far is it safe in the hands of the people? This is the factor responsible for the securities scam which took place in the country because safety consideration was not kept in view while the investment was being made by all these banking companies. There was no internal check system. There was no internal audit system which was taken care of. That is why such a big scandal took place in the country.

I would also like to say that diversification should also be taken into consideration while making investment or while making use of the paid-up capital. If you are making enhancement in the paid-up capital, diversification of risk should also be made. The diversification of risk means that the investment must be made in different regions, in different sectors of the economy, in different categories of persons, in different sections of society also so that the risk will be well distributed and the money will not be kept in risk just like all eggs in one basket. If it falls down, all the eggs are broken. If you invest a heavy amount of paid-up capital in a very risky sector of the economy and if you just part with this amount of money to such scandaious persons, as it has taken place in our country, in that case, the result will be a sorry state of affairs.

[Sh. Mumtaz Ansari]

At the same time, I would like to say that the national interests, liquidity and marketability, diversification, safety, profitability, all these factors must be taken into consideration while making use of the paid-up capital, which is going to be enhanced from Rs. 500 crore to Rs. 1,500 crore.

Similarly, the frauds are taking place in different branches of the banks and care is not taken. Finance Ministry is also not aware of it. Chairmen and Managing Directors are also not aware where frauds are taking place. After the commissioning of these frauds, embezzlement and misappropriation of funds, a lot of time just lapses. After lapse of a lot of time, it is detected by the management of the bank. In that case, it goes out of hand to have checks and balances over all these frauds. I would like to suggest that certain internal check system should be evolved and developed in the banking system. Books of accounts should also be made very much transparent. It should be maintained in such a manner that it must be very much open to all the people, the inspecting branch, the audit staff so that frauds or misrepresentation or misappropriation of funds are detected at an early stage. With small and few words, I would like to render certain valuable suggestions.

If you are going to enhance the paid-up capital from Rs. 500 crores to Rs. 1500 crores, as it was pointed out by Narasimham Committee, on the financial position of the banking system of the country, then it must be kept at a ratio of 8 percent of risk weighted assets. As it has been mentioned in the Objects of the Bill, it will be completed by the end of 1996 and upto 1993 also, it will be made upto 4 percent and wherever there is international presence, it will be just completed with 8 percent ratio by the end of 1994. So, if you are bent upon achieving this capital investment standard, then it is a good

thing. But at the same time, you will have to keep in mind certain considerations which will be just like guiding principles for you. How will regional imbalance be removed? There is development of banking system in the country which nobody can deny or refute. But at the same time we see that there are number of regional imbalances that have developed. Some States are having more branches of banks and some States are having less branches of the banks. If you try to remove this regional imbalance, then you will have to see to the point of credit deposit ratio. It was also pointed out by my esteemed colleague, Mr. Shahabuddin that credit deposit ratio should also be improved, so far as my State, Bihar is concerned. The credit deposit ratio is at the lowest level there. You are making collection of huge amount from nook and corner of that State though that State is poor. But the deposit has developed there. Every person tries to keep his own small savings in a bank and that is why, you are just making a collection of a huge amount of money from Bihar. At the same time, you are not making investment of the required amount of money for the development of that State. So, you must increase this credit deposit ratio also.

Next point is that priority sector should also be re-defined. Priority sector should also get preference in matters of investment.

You have defined certain categories of persons or certain segments of the economy that these sectors will be considered as priority sector and you have earmarked a certain amount for investment in all these priority sectors. But so far, I have come to know from Government report that investment is not made up to that standard. Similarly, certain categories like SCs and STs and minorities are very much downtrodden and they are not getting the due share from the banking system. After nationalisation in 1969, it was visualised that the benefits of nationalisation will percolate to the down-

trodden and the poor sections of the society. But to my surprise and consternation, I find that the benefits are not percolating to SCs, STs and minorities. So, a special guideline should be issued to the banking concerns that these under-privileged classes of the society must be given priority in matters of finance. Similarly, marginal farmers, traders, weavers and artisans are there. All these sections of people are not getting their due share from the banking system. So, I would suggest that these sections of society must be treated on priority basis so far as handloom section is concerned. So far as the handloom sector is concerned, at least three and a half crores of people are employed in this sector. You are giving big loans and advances to the mill owners. But these three and a half crores of people who really require such help are not getting adequate financial help from the banking system. This is nothing but a step-motherly treatment. Though the handloom sector has a great potential for employment generation, it is not getting any encouragement. From the facts that are coming to light and from the scandals that have taken place, we know that the banking system has become very defective. All these aspects highlight the problems and the plight of the banking system. They also show that the banking system is not responsive to that segment of the society which is needy and which genuinely requires a lot of financial accommodation and help. „with these words, I conclude.

[Translation]

SHRI BHAGWAN SHANKAR RAWAT (Agra): Sir, I have some doubts regarding the Bill introduced for raising the present limit of paid up capital from Rs. 500 crore to 15000 crores and the main doubt that I have is that this Bill also has been introduced under the pressure of the I.M.F. and the World Bank. There has been going on a secret move to privatise the Banks.. The Government is doing it under the pressure of

these financial institutions. But it does not want to admit it openly because it has no moral courage. It seems to me a part of that very plot.

Sir, a few days back I happened to go through a statement of the Finance Secretary, Shri Montek Singh which said that Government will be requiring Rs. 8 thousand crores to 10 thousand crores to raise equity capital and that amount will be mobilised from private persons and the equity capital will be raised. It obviously implies that we are proceeding towards the privatisation of Banks. Therefore, I would like to submit that the Government should point out clearly its policy. If it wants privatisation, it should clear its intention. Today the citizens of India want to know it from the Government.

Sir, I am not an ardent admirer of the nationalizations and of nationalisation of Banks. I know their present plight. The 23 percent of Bank's total capital is invested or blocked in the sick units or it has been given loans to such units from where there is no hope of being recovered and it is likely to be written off. Nationalised Banks are not functioning very satisfactorily. The Government should admit it in clear terms.

Sir, The Government has issued the notification on 18-1-91 regarding the intention of format of balance sheet and profit and loss accounts of Banks. Time and again it is being demanded from all sides that the accounts of balance sheets of banks should be maintained clearly. So that there should be clear picture before the people of the country. But inspite of this intention-notification no clear-cut papers are presented. I would like to know from the hon. Minister of Finance regarding the progress made after intention-notification on 18-1-91. Are the banks being pressurised to accept the intention-notification and prepare a clear-cut balance sheet and present before people?

[Sh. Bhagwan Shankar Rawat]

Sir, the third thing that I would like to point out is that the recent scam of Rs.5 thousand crore has surpassed many other big crimes. Even top financial criminals are ashamed their style of functioning as they could not do such a scam. They feel distressed over their inability to achieve such a dexterity in this field. Therefore, I want to say that I am not their admirer.

The management of Banks is very faulty. Posts of the Chairman in many banks are lying vacant. The appointments to the posts of C.D.Ms are not being made in the banks where they had fallen vacant. It shows the extent to which efficiency of the Banks has declined. Today everybody is talking about scam. As per the information supplied to me prior a clearance is sought from the CBI before making appointment to the post of chairman. I am constrained to state that the CBI has failed in selecting suitable persons and verifying the antecedents of such persons correctly. It has paved the way for the appointment such persons on these high posts in Banks whose integrity and loyalty is in question. I do not want to say anything more about this because, the Joint Parliamentary Committee has since been appointed. Many Senior Officers, Chairman or other high officials of many Banks are involved in this scam. As result of it, a sign of question mark has been put on the functioning of CBI. It has certain shortcomings which need to be looked into. The tenure of a Chairman should not exceed 3 years. He must bring about improvement and efficiency in the functioning of Banks within this period.

When Shrimati Indira Gandhi had nationalised Banks, it was said that more opportunities for employment would be generated and prices will be controlled. But I am constrained to say that the number of unemployed persons is increasing continuously

and prices are not being controlled, inflation is increasing continuously. Not only this much this time Banks have also released circulated 18 per cent more currency. It may be possible that some currencies might have been minted and some money might have been received from deposits. But the repercussion of the 18 per cent extra circulation of money is witnessed as rise in prices but not in production. Had the production increased by this money, the country might have progressed. From this it is obvious that this amount was spent and invested on unproductive things. It is great injustice against Indian economy and fraud committed against the general tax-payers, middle-class people and the poor. The poor and educated but unemployed persons do not get the money from these banks which they deserve. Today, money is not made available in Banks for this purpose. Big industrialists manage to get loans from Banks but the unemployed persons run from pillar to post and very strict terms and conditions are imposed for getting loans.

In the last, I would like to say that emphasis should be given on improving customer's service in Banks, because the customer's service of Bank is deteriorating day by day. Therefore, I want to give a constructive suggestion. In zonal offices, divisional offices and Central offices of Banks employees are in full strength, but every Branch Manager is found complaining that there is no sufficient staff in the branch. Therefore, this should be looked into and efficiency in extending services to customers should be increased. With these words, I conclude.

[English]

SHRIBOLLA BULLIRAMIAH (Eluru):
Mr. Chairman, Sir, Banking is always regarded as one of the most important institutions of our country and where surplus money is deposited and utilised for the purpose of development. Here, There is always a prob-

lem that whenever we try to utilise the money for development purposes, there may be some sort of involvement of risk is there. In view of this the bank of International Settlements has prescribed certain capital adequacy standards to be followed by commercial banks. The recommended BIS norm is that all internationally operating banks must acquire a capital-to-risk weighted-assets ratio of 8 percent by March, 1992. But, in case of India, the Narasimham Committee had given certain guidelines and that is, at least, by March, 1974, all the banks in India, should reach the BIS norms for capital adequacy to the March, 1992 level viz. 8 per cent so that, at least a part of the risk coverage is improved. Earlier we had a restriction. For more than Rs.500 crores, it was not allowed, but this Bill wants the Government of India to increase it upto Rs.1500 crores in order to cover the risk. The investment on this should be again utilised back for the purpose of bonds. Ultimately, the Government will not have any outflow of money. This is basically the main problem. But, when we talk of banking, we would always like to say a few words about the system that is operating here and everyone know what had happened during the last few months in our banking system. Here, the things have gone out of control, maybe due to various reasons. We always feel that the vacancies of the posts of Chairmen should be filled up immediately. Today, many posts of Chairmen of the Banks are lying vacant. I am sure, the hon. Finance Minister will take immediate action to see that banking system does not suffer particularly in their day to-day operations. Whatever may be the cause, we are running it with lot of risks. You also take the examples of number of Directors in the various Boards of the Banks. Some of my colleagues have also mentioned about this sometime back. These posts should be filled up on the basis of a person's capability and ability so that they should be able to guide the banks properly. They should not guide the banks on political basis. If you take into

account all those things, you will be able to improve the banking system and you can also utilise the funds for developmental purposes.

Under the present system, whatever may be the type of operations, I would say that the financial institutions are also part and parcel of it. As I had mentioned earlier, they used to make some sort of a coordinated effort for distribution of loans. Now-a-days what happens is this. Once they are sanctioned loans, the leading financial institution give a stepmotherly treatment to the other banks or institutions. So, with the result, the leading financial institutions take maximum advantage. So, instead of having more such institutions, let us have only one such institution which can take the responsibility of doing it, otherwise, whoever had taken the whole loan, let them take the responsibility. If it is done, you need not go from pillar to post. In order to eliminate all these things, we are now going to introduce a single window service. That should be there so that, the institutions can help properly and also the industries can do their jobs quickly.

In fact, our Finance Minister, the other day had mentioned about the delays in our banks regarding operation. There are people who come from the Gulf. If they want to transfer their funds into the Indian banks, it takes a lot of time as compared to other foreign banks. So, we should have excellent service in order to see that we are able to compete with the foreign banks also. For that, we need some expertise. The people should have the capacity to handle and compete with the foreign banks. Unless we have such thinking, we will not be able to really develop the banking system in this country.

I hope, once the basic systems are improved; the guidelines are strictly implemented; and the informations are given faster

[Sh. Bolla Bulli Ramaiah]

to the higher authorities so that they can take the corrective measures at an appropriate time, instead of following the various sold systems then it would go a long way in giving a good service to the people. That is why I had also suggested that in every place, you should have a computer system. This will only help us - both the financial institutions, the banks and the Reserve Bank - in having a control on the banking system. The Reserve Bank has to take more important part in this. It is because, recently, there is a stock scam. There may be other things also. We are not able to identify by whom should we hold responsible. I do not know whether we should hold the Reserve Bank responsible or somebody else. Somehow or the other, proper responsibility should be fixed. If it is fixed and implemented, I think, it will help a lot. There is no accountability. This is very important. I am sure the hon. Finance Minister will take note of all these things. By following the guidelines, he will be able to do a very good service, as early as possible. We should also have an expertise in this field. It is not only the deposits, interest rates and the advance rates which require expertise, but wherever, they participate whether it is financial institutions or banks, they should be able to monitor the projects and the rules which they are following.

You see that before it gets any indication of sickness, they should be able to tell them proper guidelines and tell them how it should be rectified or how it should be corrected or it will require some merger or amalgamation.

I hope some of these measures are very important in the larger interest of the country; and the banking system requires development; and productivity of any nation depends upon all these things. I humbly request the Finance Minister to take all these guidelines.

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): I am grateful to all the hon. Members who have taken part in this debate. This Bill has a very limited objective. It is by way of an enabling provision so that the Central Government may be able to contribute more funds for enhancing the paidup capital of the Nationalised Banks. It is not a Bill which envisages any change in policy. As I mentioned in my introductory statement, it is not for the first time that the paidup capital of the Nationalised Banks has been increased.

[Translation]

SHRI DAU DAYAL JOSHI (Kota): Mr. Chairman, Sir, there is no quorum in the House.

MR. CHAIRMAN: The bell is being rung. Now the quorum is complete. The hon. Minister may continue his speech.

[English]

SHRI MANMOHAN SINGH: This is not for the first time that the paidup capital of the Nationalised Banks has been increased; twice before this capital was increased; it was increased to Rs. 100 crores in 1985; it was further increased to Rs. 500 crores in 1988. Therefore, to argue that this is being done at the behest of the IMF or some outside agency is I think wide off the mark. Also some fear has been expressed that this is the way of backdoor privatisation. I can assure this House that the certainly is not the case because Section 3(III) of the Banking Companies (Acquisition and Transfer of Undertakings) Act reads as follows:

"The entire capital of each corresponding new bank shall stand vested in and allotted to the Central Government."

Until and unless this sub-section is amended there can, therefore, be no ques-

tion of allowing private parties, members of the public to hold equity of Nationalised Banks. There is therefore, no basis for the apprehension that the proposed amendment is a backdoor device of privatization. At the same time, I would like to submit that there ought to be a widespread debate in the country because if we seek greater transparency; if we seek a full and adequate provision for bad and doubtful debt, if we want our banking system to be internationally competitive, then we need to inject into the banking system over the next four to five years to raise at least Rs. 10,000 crores. Therefore, I think, there should be a country wide debate including in this House as to how we are going to argument the capital of the banking system, which is necessary.

I submit to this august House that unless we augment the capital of the Indian banking system, the health of the banking system will be eroded. The debate turned out to be a debate on the functioning of the banking system. Several hon. Members have referred to various aspects of the banking system, the manner in which the working of the banking system can be improved upon.

Let me say that I share the concern of the hon. Members that the working of the Indian banking system, particularly the nationalised component of it does require urgent improvement. Customer services are not what they ought to be; also in several areas, there is scope for improvement.

Several hon. Members have referred to our commitment in the area of social banking. As hon. Members know, already 40 per cent of total bank credit is to be given for priority sector. 18 per cent of bank credit is meant of lending directly to agriculture. A minimum of 10 percent bank credit is earmarked for being lent to the weaker sections.

I submit, therefore, that the guidelines

due take adequate account of the social orientation of our banking system, which was one of the basic objectives of bank nationalisation. But at the same time, it is necessary to think that in a situation in which a large part of bank resources are invested in low-yielding government securities, further 40 per cent of bank credit is invested in concessional lending. Then the question does arise, how will the banks remain socially profitable. Banks' primary priority is not to maximize their profits, but I submit to this House that unless banks do make adequate profits, their capacity to serve the social and economic interest of this country will be severely jeopardized. It will be a sad day for the Indian banking system, if banking system was to be considered as yet another instrument of the grant economy. There is scope for cross subsidies in the banking system and those cross subsidies are built into structure of the banking system.

But I do submit to this House that if the Government or the House in its wisdom thinks that there is need for further subsidies of credit, I think that ought to be properly a charge on the Budget. I think the banking system today is not in a position to bear that extra burden.

With these remarks, I would submit to this House that since the purpose of this Bill is limited, this Bill should be passed unanimously.

MR. CHAIRMAN: I now put Amendment No. 1 moved by Shri Girdhari Lal Bhargava, to the vote of the House.

Amendment No. 1 was put and negatived.

MR. CHAIRMAN: Amendment No. 2 - Shri Dau Dayal Joshi.

[*Translation*]

SHRI DAU DAYAL JOSHI: Mr. Chairman, Sir, I will conclude in one or two minutes.

[*English*]

MR. CHAIRMAN: Are you withdrawing the amendment?

[*Translation*]

SHRI DAU DAYAL JOSHI: I am not withdrawing the amendment. I said in the beginning that I am not withdrawing it. I would like to say that as far as the intention of the hon. Finance Minister is concerned, that is clearly visible. But he has presented the Bill with limited objects while there are a number of shortcomings in the banking system. The way the hallowness of the banking industry has come to force these days, keeping that in mind I would like to submit that if he really wants to improve the banking system, he should bring a comprehensive Bill. I have said so for the purpose of eliciting public opinion. The report of the Narsimham committee is with the Government. There was one recommendation in the report of Narsimham Committee on whose basis the Government is implementing. How many recommendations have been implemented by the Government and how many are going to be implemented. There were agitations all over India against the recommendations of the Narsimham Committee. People met the hon. Minister in delegations opposing the recommendations of the Narshimham Committee. I would like to submit that if his intentions are really clear, then he should bring a comprehensive Bill. Yesterday the Army Service Conditions Bill was passed with 100 amendments. A similar Comprehensive Bill on banking system should be brought. At present corruption is rampant under banking system. The Narsimham Committee had recommended that

there should be least political and administrative interference. But unfortunately political and administrative interference is too much today which we are seeing in day to day affairs. Yesterday the Chairman of the Syndicate Bank was forced to retire and today also one officer has been forcibly retired. Keeping in view the situation created by the bank officers in the country I would like to say that if the Government really wants to improve the banking system, then it should bring a comprehensive Bill on the basis of recommendations made by the Narsimham Committee or on the basis of some other committee, which may be constituted for the purpose.

In the end I would like to submit that the Government has a deposit of Rs. 250 lakh with it under the banking system whose purpose is to provide employment to the people and to check price-rise. Both the objectives of the Government are not being fulfilled in India. My submission is that when the Government has 18 percent excess amount with it, it may absorb large number of people in banking industry. Low paid employees are on the verge of unemployment. There is not adequate staff in the small branches and the banks are running on single man basis while large number of administrative officers are posted in offices. The Government is not providing relief to the people where it can.

I emphatically submit that my amendment for eliciting public opinion be adopt and a comprehensive Bill brought forward.

[*English*]

MR. CHAIRMAN: I now put Amendment No.2 moved by Shri Dau Dayal Joshi to the vote of the House.

181 *Banking Companies (Acquisition and Transfer of Undertakings) Amendment Bill*
Amendment No.2 was put and negatived.

SRAVANA 28, 1914 (SAKA)

*National Highway 182
Amendment Bill*

17.59 hrs.

MR. CHAIRMAN: The question is:

"That the Bill further to amend the Banking Companies (Acquisition and Transfer for Undertakings) Act, 1970 and the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, be taken into consideration."

The motion was adopted.

MR. CHAIRMAN: The House will now take up clause by clause consideration of the Bill.

MR. CHAIRMAN: The question:

"That Clauses 2 and 3 stand part of the Bill."

The motion was adopted.

Clauses 2 and 3 were adopted to the Bill

MR. CHAIRMAN: The question is:

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

The motion was adopted.

Clauses 1, the Enacting Formula and the long Title were added to the Bill.

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): I beg to move:

"That the Bill be passed."

MR. CHAIRMAN: The question is:

"That the Bill be passed."

The motion was adopted

NATIONAL HIGHWAYS (AMENDMENT)
BILL*

[English]

THE MINISTER OF STATE OF THE MINISTRY OF SURFACE TRANSPORT (SHRI JAGDISH TYTLER): I beg to move—

" That the Bill further to amend the National Highways Act, 1956, be taken into consideration."

Sir, with your permission I would like to say a few words while moving the National Highways (Amendment) Bill for consideration and approval.

The activities of the National Highways and other matters connected therewith are governed by the National Highways Act, 1956 (Act 48 of 1956). The total length of the National Highways in the country at present is 33,689 kilometres. though the National Highways network constitute of only two percent of the total road length in the country, they carry over 40 percent of the total traffic.

18.00 hrs.

In view of the constraints of budgetary resources and growing requirements of the Highway Sector, there is need to augment resources through mobilization of extra budgetary resources for proper development and upkeep of National Highway system. In this connection, levy of fees for use of notified sections of National Highways would facilitate such augmentation of the resources. The proposal enabling the Government of India to levy fee requires amendment of Sections 7 and 9 of the National Highways Act, 1956.

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** Moved with the recommendation of the President.