

Speaker, Sir, all work has come to a stand still in Jammu and Kashmir due to imposition of curfew. Banks are closed there. Transactions in banks take place only for limited hours when curfew is lifted.....(*Interruptions*).....

MR. SPEAKER: You may please ask specific question.

SHRI MOHAMMAD SHAFI: I am coming to the particular point. When curfew is lifted, banks open and the people rush to banks for obtaining drafts and drawing money but bank employees refuse to issue drafts or give money. Will the Finance Minister issue necessary instructions to the banks to ensure smooth issuance of drafts and withdrawal of money? Businessmen are facing great difficulties there

PROF. MADHU DANAVATE: Hon. Speaker, Sir, the original question relates to the London branch of the Punjab National Bank and his question is about Jammu-Kashmir. How can I answer it?

[*English*]

SHRI SAMARENDRA KUNDU: I am grateful to the Finance Minister that immediately when he received a letter from me he has intervened; otherwise our country would have been defrauded by about Rs. 30 crores.

In the statement that the Hon. Minister has given the last four lines of the first paragraph read as:

"As part of this process, the bank has entered into an agreement preceded by a Memorandum of Understanding for the sale of pledged shares on prices based on the opinions of the two tea estate valuers and the recommendations of an Expert Committee set up by the bank."

I would like to know as to with whom has this agreement been entered into. If the Minister does not have the information, would

he kindly find out whether these companies or the persons with whom the agreement has been entered into have any credibility at all?

Further, the hon. Minister was good enough to say that he is making enquiries and that he has asked the Reserve Bank to give the report. I would like to know how much time it will take to place this report because it is a very important matter. May I know whether he can place the report within a week, so that we can further examine this matter?

PROF. MADHU DANAVATE: Sir, I will only inform the hon. Member that a London Branch of the Punjab National Bank had given a loan to M/s. Esal (commodities) Limited in London owned by Shri Rajendra Sethia. (*Interruptions*) Sir, I can utter his name only with my normal tone. Already enquiries are being made. The Punjab National Bank had already sent the report. Shri Kundu's letter is also in our possession. The name which has been mentioned, is also in our possession. We have asked the Reserve Bank to look into the matter. I cannot give a false assurance that within a week I will lay it on the table of the House because on 19th, the Budget is to be presented. Therefore give me some time — relaxation from the Budget discussion — and I assure you that in this very Budget Session, I will lay the findings on the table of the House.

Rangarajan Committee on Computerisation of Banks

*65. **SHRI SHANKERSINGH VAGHELA:**
SHRI L.K. ADVANI:

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India had constituted the Rangarajan Committee on Computerisation in banks to examine the impact of computerisation on customer serv-

ices, house-keeping, productivity and profitability;

(b) whether the Committee had submitted its report in November last;

(c) if so, the details of its recommendations and Government's response to them;

(d) whether views of bank employees associations have been ascertained; if so, the details thereof; and

(e) the follow up action taken/proposed to be taken by Government in this regard?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) to (e). A Statement is given below.

STATEMENT

(a) Yes, Sir.

(b) Yes, Sir.

(c) to (e). The perspective plan of computerisation in banking industry as drawn up by the Rangarajan Committee for the period 1990-94 incorporates, inter-alia, computerisation of about 500 large branches located at 30 metropolitan/urban centres during the next 2-3 years. The computerisation is to be extended to cover some additional relatively large branches resulting in computerisation of about 6-7 percent of branches of public sector banks during 1990-94. Total number of public sector banks branches are 39,000 (approximately). The plan also envisages some computerisation of Regional/Zonal Offices for better house-keeping and decision making.

The plan is to be implemented after necessary consultations with all concerned including employees' Unions.

[*Translation*]

SHRI SHANKERSINGH VAGHELA: Mr. Speaker, Sir, I welcome the computerisation in Banks. Though the employees' unions will

also be consulted for the implementation of the computerisation plan, get I would like to ask the hon. Minister that since computer replaces the manpower, will it not affect the manpower in the Government Institutions like LIC, Reserve Bank, other Banks and Private and Public Undertakings? How many fresh recruitments are made every year in these institutions and whether computerisation would affect these fresh recruitments?

PROF. MADHU DANDAVATE: Sir, the computer system has not yet been introduced. We have discussed it with the employees' unions and the report is also with us. According to the recommendations in this report, there will be no dismissal and retrenchment in Banks after the computerisation but there will be relocation and re-allocation of work. Service of no employee working in these institutions, will be terminated. The work will be re-allocated to them and some other work will be assigned to them in the same Bank. We will ensure that no retrenchment is made after the introduction of computer system.

SHRI SHANKERSINGH VAGHELA: Will it affect fresh recruitment? (*Interruptions*) I would like to know from the hon. Minister whether the import of computer will affect fresh recruitment? During his visit to U.S.A. the former Prime Minister spoke of super computers. Those computers are going to be installed in Banks. Mostly the Bank employees are involved in the Hawalla rackets and are indulging in illegal transaction of crores of rupees. Therefore, I would like to know whether computerisation will enable the Government to check this malpractice?

PROF. MADHU DANDAVATE: Sir, we will not use computers for encouraging corruption.

[*English*]

It is not a rationalisation of corruption.

[*Translation*]

But this much I can assure that comput-

ers will be introduced only after consultation with the concerned unions and after making sure that it will not affect the over all employment potential. We will introduce it with the consent of the unions.

[English]

SHRIM.M. PALLAM RAJU: Sir, I understand that the very objective of computerisation is to increase the efficiency of things and not to replace manpower or personnel. Considering the above matter, I am disappointed that only 500 out of 39,000 branches are being planned for computerisation.

I would like to ask the Minister whether he would consider computerising more number of branches, especially where there is a heavy traffic, in future.

PROF. MADHU DANDAVATE: Sir, our entire approach to rationalism will be rationalisation without tears. Therefore, we will have to restore a balance between the employee and the machine.

Gandhiji once said: " I am not opposed to machine but I do not want to build a glory of the machine under the debris of dignity of man." This will be our guiding principle. So, we will not have obsession to have a large number of computers. We have to maintain a balance between computer and man. Otherwise computer will survive and man will disappear. We don't want that to be done.

SHRI M.M. PALLAM RAJU: I want to ask one more question.

MR. SPEAKER: No, no. Please sit down, Mr. Raju.

PROF. MADHU DANDAVATE: I got your question very well. Our contention is that we would like to have a balance between the number of computers and number of men. If we bring so many computers, then, only one computer can just put the switch and work will go on and all men will disappear.

SHRI BAL GOPAL MISHRA: The hon. Minister has already said that there will be no retrenchment. But what would be the effect of computerisation on the fresh recruitment?

Secondly, are the banking institutions thinking for computerisation because they have failed to enforce financial discipline and working efficiency?

Thirdly, what would be the financial involvement and the foreign exchange component in this computerisation?

PROF. MADHU DANDAVATE: As far as the utilisation of computers is concerned, obviously, it is meant to augment the efficiency. As an illustration, I may tell the hon. Member that there are certain foreign banks in the country. Their profitability is five to ten times the profitability of the Indian banks. One of the reasons is that on the computers they are able to get more efficient service and, therefore, they attract more clientele. But ultimately we have to take note of employed clientele and computers and also the foreign exchange that is available. Therefore, keeping all these aspects in mind, we will try to keep the balance among them.

[Translation]

SHRI R.L.P. VERMA: Mr. Speaker, Sir, it is true that computerisation is necessary for our country but even today thousands of applications are received for a single post in our country. I know about the Railways where lakhs of applications are received against each post. If computerisation is introduced in other departments too, lakhs of people seeking jobs will be deprived of job opportunities. People are dying of hunger in our country. Youths are wandering in search of job. What will happen to their aspirations? Therefore, my question is that without giving much importance to computerisation, will the Government adopt a system which will provide work to every hand?

PROF. MADHU DANDAVATE: Mr. Speaker, Sir, the hon. Member referred to Railways and being a former Railway Minis-

ter I would like to inform him that in Railways large scale computerisation has not been introduced and only the reservation section has been computerised. It has not only checked corruption but also improved the efficiency and no retrenchment has been made. We follow the basic principle that more hands should get work. Our duty is not to provide work to the computer but our primary duty is to provide work to the people.

[English]

SHRISONTOSH MOHAN DEV. Sir, the resistance generally comes from the unions because they feel that new batch of people come who are expert in computer working. Hence, in the communications Ministry, in the past, we asked for volunteers from the existing staff to get themselves trained in computer operation. Thereby the resistance becomes less.

In view of this, I would like to know whether the Government is thinking to train people from the existing staff in the computer working so that resistance does not come from the unions.

PROF. MADHU DANDAVATE: As I told earlier, our effort will always be to carry on the management of the bank administration in co-ordination with the trade unions in the banks. Therefore, on the basis of the suggestions you have made and also other suggestions, we will try to sort out the problems so that there will be computerisation without fear.

SHRI K.S. RAO: I remember those days when our hon. Minister used to speak eloquently from the Opposition Benches. He looks to be the same when he is continuing from the Government Benches. The hon. Minister was telling about the computerisation in reply to an hon. Member. He was replying in his usual way. Thousands of crores of rupees are to be reconciled every-day by way of inter-branch reconciliation of branches. If he checks up any branch or any bank, he himself will find umpteen number of branches requiring computerisation. It does

not mean that we are interested in reducing the employment potential. But as Finance Minister, the hon. Minister must think in terms of finding measures of increasing production by various other means and not necessarily increasing the white-collar employment to find avenues. I wish to know from the hon. Minister whether or not he will change his impression that computerisation would only reduce employment in this country. I would like him to come to an understanding that computerisation is now required in this country which may not be to the extent of Japan or any other developed nation. But certainly this country also has come to a stage where computerisation is required for effective functioning, particularly for the banking system. So I wish to know once again as to whether he will reconsider his opinion that computerisation is not with an intention of reducing employment but with a need to increase the efficiency in banking and avoid frauds. I would also like to know as to whether he will at least identify those areas where computerisation is a must and help them.

PROF. MADHU DANDAVATE: Mr. Speaker sir, I need not reconsider my opinion. I will reaffirm my opinion because I have said exactly identical things which he mentioned. Firstly, I never said that computerisation is to be brought about only to reduce employment potential. On the contrary, I said that the basic motivation of computerisation is to increase profitability of the banking system and also the efficiency of the banking system and also the coordination of the various sections of the banking system which will follow. All that I will say is that both the aspects will have to be kept in mind and some sort of a balance has to be struck. I am glad that he has admitted that whether I was in the Opposition Benches or in the Treasury Benches, I am using the same language and also for accepting that I am consistent.

SHRIMATI SUBHASHINI ALI: Mr. Speaker Sir, the hon. Finance Minister in reply to a question mentioned about profitability of foreign banks and attributed this to their use of computers. According to my

information, profitability of foreign banks is due to not only the use of computers but also due to the fact that they have no social responsibility. Moreover, a lot of rules have been relaxed in their favour and as a result of this, their grip on the Indian economy is growing out of proportion to the number of such bank branches in the country. I would like to know from the Minister as to whether his Government is to take steps to ensure that this country's economy does not get into the stranglehold of the foreign banks which they seem to be in danger of doing.

PROF. MADHU DANDAVATE: The hon. Member has missed the tree for the wood. I did not say that computerisation is the sole element and factor for profitability of the banking system. I fully agree with her that as compared to the Indian banking system, especially after nationalisation, our social burden and responsibilities are more and they have less burden. Secondly, we have to look after a number of welfare activities also. No small scale sector goes to the foreign banks to ask for credit loans on concession. Now, these are the facilities. I said that technologically they are advanced and technologically we are backward. That is the limited point that I wish to point out. I am sorry if the House, along with her, has carried the impression that it is my point of view that irrespective of other factors, profitability is only due to computerisation. It is not so. I fully agree with her. There is no need to reply.

Regarding the second part of the question, I fully agree with her and we will try to create conditions just as there was nationalisation of banks at one state. As far as other banks are concerned, there were certain social controls. We will accept the suggestion and try to devise a social control by which even the foreign banks which operate here will have to see that they do not encroach upon our authority and freedom.

MR. SPEAKER: Q. 67; Q. 66 has been postponed.

Simplification of Procedural Formalities in Exports

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*67. **SHRI SHANTILAL PURUSHOTTAM DAS PATEL:**
SHRI DHARMESH PRASAD VARMA:

Will the Minister of COMMERCE be pleased to state:

(a) whether Government have decided to simplify the procedural formalities involved in exports;

(b) if so, the main changes contemplated in this regard; and

(c) to what extent these changes would help in improving the exports?

THE MINISTER OF COMMERCE AND TOURISM (SHRI ARUN KUMAR NEHRU): (a) to (c). A Statement is given below.

STATEMENT

Government regard the Simplification of procedural formalities as an important fact of improving the export environment. In this connection some of the procedural changes currently under consideration of the Government include:-

- (1) Simplification and Standardization of export related documents;
- (2) Rationalising the requirement relating to Bank Guarantee against export of ceiling items;
- (3) Delegation of adequate powers to the Regional Licensing Authorities; and
- (4) Reducing the burden of discretionary licensing controls on exporters.

It is expected that the proposed changes will help exporters to fulfill various require-