

SHRI MORARJI DESAI : I do not know. Whatever it is, this is what happened then. But I must say I have no knowledge about that.

Then about what the hon. Member says about some evasion in income-tax, that is being inquired into.

SHRI S. M. BANERJEE : He has not answered the first part of my question which is the main question. The bank is said to have advanced the money against Indian Iron shares at a margin of 30 per cent only when normally it should be 40 to 50 per cent.

SHRI INDRAJIT GUPTA : Punjab National Bank.

SHRI MORARJI DESAI : There are different margins with different banks. The Reserve Bank has told them that they must observe these margins more properly and there should not be any different between different shares. I have already said that in my statement but the hon. Member was sleeping at that time.

12.46 Hrs.

PAPER LAID ON THE TABLE

NAVAL CEREMONIAL, CONDITIONS OF SERVICE AND MISCELLANEOUS REGULATIONS

THE DEPUTY MINISTER IN THE MINISTRY OF DEFENCE (SHRI M. R. KRISHNA) : I beg to lay on the Table a copy of the Naval Ceremonial, Conditions of Service and Miscellaneous (Fifth Amendment) Regulations, 1968 (Hindi and English versions) published in Notification No. S.R.O. 16-E in Gazette of India dated the 29th October, 1968, under section 185 of the Navy Act, 1957. [Placed in Library. See No. LT-2205/68.]

MESSAGE FROM RAJYA SABHA

SECRETARY : Sir, I have to report the following message received from the Secretary of Rajya Sabha :

'I am directed to inform the Lok Sabha that the Rajya Sabha, as its sitting held on Tuesday, the 19th November, 1968, adopted the following motion in regard

to the presentation of the Report of the Joint Committee of the Houses on the Monopolies and Restrictive Trade Practices Bill, 1967 :—

"That the time appointed for the presentation of the Report of the Joint Committee of the Houses on the Bill to provide that the operation of the economic system does not result in the concentration of economic power to the common detriment, for the control of monopolies, for the prohibition of monopolistic and restrictive trade practices and for matters connected therewith or incidental thereto, be further extended upto the last day of the 66th (November-December, 1968) Session of the Rajya Sabha."

12.47 Hrs.

COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS

THIRTY-NINTH REPORT

SHRI KHADILKAR (Khed) : I present the Thirty-ninth Report of the Committee on Private Members' Bills and Resolutions.

PUBLIC ACCOUNTS COMMITTEE
THIRTY-SECOND REPORT

SHRI M. R. MASANI (Rajkot) : I present the Thirty-second Report of the Public Accounts Committee on action taken by Government on the recommendations of the Public Accounts Committee contained in their Seventy-second Report (Third Lok Sabha) relating to Appropriation Accounts (Railways) 1964-65 and Audit Report (Railways) 1966.

12.47½ Hrs.

DEPOSIT INSURANCE CORPORATION (AMENDMENT) BILL

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. C. PANT) : Sir, on behalf of Shri Morarji Desai, I rise to move that

the Bill to amend the Deposit Insurance Corporation Act, 1961 to enable the Corporation to extend the insurance cover to the deposits of co-operative banks be taken into consideration.

As the hon. Members are aware, the Deposit Insurance Corporation was set up on 1st January, 1962 and provides insurance cover to all functioning commercial banks. The limit of insurance cover which, to start with, was Rs. 1,500 was raised to Rs. 5,000 with effect from 1st January, 1968.

12.48 Hrs.

[MR. DEPUTY-SPEAKER *in the Chair.*]

Today about 91 per cent of the accounts in the commercial banks are fully protected comprising about 46 per cent of the total deposits. The co-operative banks were left out of purview at the time the Deposit Insurance Corporation was set up. It was felt at that time that the question could be reviewed after the Corporation has gained some experience and the question of the extent and manner of control and supervision by the Reserve Bank over the co-operative banks has been examined in consultation with the State Governments.

In 1965 a major step was taken to extend certain provisions of the Banking Regulation Act to all the State co-operative banks, Central co-operative banks and the larger primary non-agricultural credit societies, commonly known as urban co-operative banks. The extend of these additional powers was limited to what could be legitimately comprehended within the meaning of 'banking' which is an entry in the Union List as Parliament does not have jurisdiction in regard to the registration, management or winding up of any co-operative society. In the case of the commercial banks, the Reserve Bank has adequate control over the affairs of commercial banks particularly in the matter of management, liquidation, enforcement of schemes of compromise or reconstruction or amalgamation. This enables the Reserve Bank to determine

the contingencies in which the Corporation's liability is attracted. If we are to authorise the Deposit Insurance Corporation to extend its activities to the co-operative banks, the Reserve Bank, which controls the Deposit Insurance Corporation, will have to be given substantially the same extent of powers which it enjoys in relation to the commercial banks and the contingencies in which the liability of the Corporation will be attracted and will be discharged would have to be clear and determinate. The proposed Bill, therefore, seeks to empower the Corporation to register, as insured banks, those apex, central and primary co-operative banks, as are governed by the Banking Regulation Act, 1949, where the concerned State Governments have amended their laws to meet certain essential requirements. Firstly, it is proposed that an order for the winding up of a co-operative bank or a scheme of compromise or arrangement or amalgamation or reconstruction with the creditors shall not be made or brought into force without the Reserve Bank's consent. Secondly, the Reserve Bank may require the winding up of a co-operative bank if it considers it necessary. The circumstances in which the Reserve Bank can issue such a direction have been specified in the Bill. Thirdly, an order superseding the board or committee of management or an order providing for the appointment of an administrator would be made if the Reserve Bank so requires. Fourthly, in the event of any winding up or the enforcement of a scheme of compromise or reconstruction or amalgamation any payments initially made by the Deposit Insurance Corporation up to the limit of insurance would be reimbursed to the Corporation from subsequent recoveries from the assets of the insured bank. The benefit of insurance cover can be extended to co-operative banks only if the concerned State Governments amend their co-operative laws to incorporate these special requirements.

I am glad to inform the House that a number of State Governments, namely, Andhra Pradesh, Bihar, Gujarat, Jammu and Kashmir, Madhya Pradesh, Mysore, Nagaland, Orissa, Rajasthan and Uttar

Pradesh and the Union territories of Andaman and Nicobar, Goa, Himachal Pradesh and Manipur have already agreed in principle to amend the respective laws relating to co-operative banks on the lines indicated in the Bill. Gujarat and Jammu and Kashmir are already in correspondence with the Reserve Bank regarding the actual amendments which they propose. There it continue to exist certain reservations on the part of the Governments of Maharashtra, Punjab and West Bengal. The matter is being pursued with them and with other Governments who have not yet replied.

I would take this opportunity of assuring the State Governments that there need be no apprehension on their part that their authority with reference to co-operative banks will be eroded and the Reserve Bank will exercise their powers arbitrarily. The Reserve Bank will always pay due regard to the special needs and features of the co-operative banking system. It would keep in close and constant touch with the State Governments and it will not resort to any extreme measures such as the liquidation of a co-operative bank or its supersession except, in very exceptional circumstances, where immediate action might be necessary to protect the interests of the depositors and of the Deposit Insurance Corporation. I would appeal to the State Governments which have not yet agreed to amend their co-operative laws to reconsider and agree to initiate immediate steps for this purpose and take advantage of the facilities of insurance cover that would be available after the proposed amendment.

Hon. Members are aware that the co-operative banks depend heavily on borrowings from the Reserve Bank for their working funds and in the case of State and central co-operative banks the proportion of deposits is roughly about 40 per cent of the total working funds. There is a great urgency that the co-operative banks should go all out to mobilise more deposits from the rural sector and augment their funds for increasing their volume of lending to agriculturists. Their coverage in the rural areas is more extensive than that

of the commercial banks and with the availability of the insurance cover they should be in a position to step up substantially their resources.

The total number of co-operative banks as on 30th June, 1968 was 1,422. The Corporation may be ultimately concerned with about 1,000 co-operative banks, as the remaining societies are those of salary earners and will in course of time go out of the purview of the Banking Regulation Act by confining their activities to their members and ceasing to accept deposits from the public. The total deposits of co-operative banks which may ultimately become eligible for insurance are roughly Rs. 650 crores of which the assessable deposits may be approximately Rs. 400 crores. The assessable deposits of the co-operative banks numbering 542 which exist in the States and Union territories, which have already agreed in principle to amend their laws, may be about Rs. 150 crores.

We have also taken this opportunity to put through certain other amendments which will be necessary when the Corporation extends its activities. The authorised paid-up capital of the Corporation is, at present, Rs. 1 crore and it is proposed to raise it to Rs. 5 crores. The number of directors on the Corporation will be increased by three, of whom two will be appointed to represent the co-operative banks.

Sir, the Bill is a positive and constructive measure towards strengthening of the co-operative banks and, I hope, this will be welcomed by all sections of the House.

With these words, I beg to move :

"That the Bill further to amend the Deposit Insurance Corporation Act, 1961, be taken into consideration."

MR. DEPUTY-SPEAKER : Motion moved :

"That the Bill further to amend the Deposit Insurance Corporation Act, 1961, be taken into consideration."

SHRI SHIVA CHANDRA JHA (Madhubani): I beg to move :

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 31st January, 1969."(14).

MR. DEPUTY-SPEAKER : Both the motion and the amendment are before the House.

SHRI D. N. PATODIA (Jalore): Mr. Deputy-Speaker, Sir, this particular scheme to introduce deposit insurance in our country was introduced in 1962, more or less, on an experimental basis. The only other country in the world which had introduced the scheme before was the United States of America. But we introduced the scheme to make an experiment in a small way so that after a few years, when we have examined it from all pros and cons, the necessary amendments may be made and a wider application of the scheme may be introduced. I beg to state that this scheme has achieved its principle objectives. It has been possible to consolidate the banking system and, in course of five years, as against 287 banking institutions which were in 1962, we have 91 banks today and even these 91 banks have much larger number of branches today, than they were in 1962.

The total amount of deposit has increased considerably from Rs. 1,643 crores in 1962 to as much as Rs. 3,364 crores in 1967. Whatever be the amount of guarantee, although it was too small, Rs. 1,500 to start with, it has definitely been able to bring about confidence in the depositors about the bank deposits. Therefore, in a limited way, this scheme has succeeded and we have now arrived at a stage when by the experience of last five years, we may now make necessary amendments to give a wider application of this legislation for the benefit of the depositors in general and to make such other changes which are necessary to run the scheme on more scientific lines.

What we have to examine today is whether these amendments which have been proposed by the Government meet the need of the situation, whether they

are enough in view of the experience we have had in course of last five years or whether something more should have been done. In this context, I will make a few observations.

My first point is with regard to the coverage of the risk. In the course of last five years, the Deposit Insurance Corporation has been able to collect as much as Rs. 900 lakhs as premium from various commercial banks. As against that, the ratio of risk was very much less and the total net loss that was paid by the Corporation was not more than Rs. 12 lakhs. It was less than 1½ per cent of the total premium that was collected. This covered only up to the first Rs. 1,500 and, beyond that also, according to my information, the commercial banks did not incur any loss practically. By and large, the functioning of the commercial banks has been excellent and there have not been many losses. Even now, every year, the Corporation is collecting as much as Rs. 200 lakhs as insurance premium from commercial banks. How far is it justified, in view of this that whereas our annual collection is as much as Rs. 200 lakhs and whereas our loss ratio is approximately only Rs. 2 lakhs on an average per year, that the present rate of premium should be continued? Before I come to the rate of premium.....

MR. DEPUTY-SPEAKER : You may resume your speech after lunch. The House stands adjourned for lunch.

13 Hrs.

The Lok Sabha adjourned for Lunch till Fourteen of the Clock.

The House reassembled after Lunch at six minutes past Fourteen of the Clock.

[**MR. DEPUTY-SPEAKER** in the Chair]

DEPOSIT INSURANCE CORPORATION (AMENDMENT) BILL—contd.

SHRI S. M. BANERJEE (Kanpur): Sir, I rise on a point of order.....

SHRI C. K. BHATTACHARYYA (Raiganj): There cannot be a point of order in a vacuum. (*Interruption*).

SHRI S. M. BANERJEE : When there is a motion before the House there is no vacuum.

SHRI SHEO NARAIN (Basti): No point of order can be raised when there is nothing before the House. We also know the Rules and Regulations of this House. Unless a Member says something in this House, no point of order can be raised. (*Interruption*).

SHRI S. M. BANERJEE : Kindly hear me for a minute, Sir. There is already a motion before the House. If you see the order paper, Mr. Deputy-Speaker, already there is a motion before the House. This is being considered. I want to raise a point of order on that, Sir. I want to say that this motion should not be discussed and that the House should be adjourned.

श्री शिवनारायण ः जब बिल पेश हुआ था, उस समय बनर्जी साहब ने यह बात क्यों नहीं उठाई थी ?

SHRI S. M. BANERJEE : Why should he interrupt me like this? Kindly hear me for a minute. Sir. It is a serious situation in the country which is developing. Tomorrow is the 21st of November, 1968. Nearly 70,000 bank employees are going on strike. They are going to have a token strike. It is a serious (*Interruption*) 70,000 bank employees are going on a country-wide token strike against section 36 AD which has been imposed on this House. The Finance Minister is there. I would request him, through you, Sir, to make a statement. I would request the Minister of Finance, Shri K. C. Pant to make the statement. He is sitting there, Sir.

SHRI S. KUNDU (Balasore): It is a serious matter, Sir, and that is why Mr. Banerjee is raising this point of order. He can make a statement. The trade union rights of the bank employees should be protected.

MR. DEPUTY-SPEAKER : Your purpose is served, Mr. Banerjee. Please resume your seat.

SHRI S. M. BANERJEE : Kindly hear me, Sir, for a minute....

SHRI S. KUNDU : Let him make a statement.

MR. DEPUTY-SPEAKER : I cannot compel him.

SHRI S. KUNDU : You can compel him, Sir.

SHRI S. M. BANERJEE : He is ready to make the statement.

MR. DEPUTY-SPEAKER : I don't know....

SHRI S. KUNDU : This Bill which is being passed is a black legislation.

MR. DEPUTY-SPEAKER : The hon. Minister has taken note of it. Now, let hon. Members resume their seats.

SHRI S. KUNDU : The entire transactions in the country will stop. So, it is a very important matter.

MR. DEPUTY-SPEAKER : The hon. Minister has taken note of it. Now, let us proceed with the business before the House.

श्री जार्ज फरनेन्डीज (बम्बई-दक्षिण) ः उपाध्यक्ष महोदय, जिस बिल पर बहस चल रही है उसका फिर कोई मतलब ही नहीं रहेगा क्योंकि अगर बैंक ही बन्द हो जायें तो फिर आप डिपॉजिट इन्श्योरेंस स्कीम लेकर क्या करेंगे ।

MR. DEPUTY-SPEAKER : It is a token strike. If at all it materialises, it is going to be only a token strike for a day.

SHRI S. M. BANERJEE : But the entire banking business will come to a stand-still. This House is not concerned with that ?

MR. DEPUTY-SPEAKER : Now, Shri D. N. Patodia may resume his speech.

SHRI D. N. PATODIA : This Bill incorporates one basic amendment which seeks to enlarge its coverage to co-operative banks. In addition to that, as the hon. Minister has stated, with effect from 1st January 1968, the limit of the

[Shri D. N. Patodia]

amount of insurance coverage has been increased from Rs. 1,500 to Rs. 5,000. Beyond these two things, there are hardly any changes which have been made by this amendment or by the Ordinance.

The point that we have to examine is whether these changes meet the requirements of the situation and whether they also meet the experience of the last six years. In this context, I was discussing about the coverage of risk. The experience of the last six years has been that the net amount of loss that has been paid by this corporation to the depositors is only Rs. 12 lakhs. On the average it works to about Rs. 2 lakhs every year. As against that, at the present moment, the total collection of premium is as much as Rs. 200 lakhs. It will therefore be observed that the total amount of net loss paid by the corporation to the depositors is only one per cent of the total amount of premium collected. In the context of this experience, I would put forward a suggestion to the hon. Minister that this increase of coverage from Rs. 1500 to Rs. 5000 does not meet the situation and the experience of the last few years.

Banking in India is on sound foundation. Our experience has been good. The losses are negligible. Therefore, this corporation should be able to cover the risk to the entire extent. As the hon. Minister himself has said, even after covering Rs. 5000 as insurance, 53 per cent of the total amount of deposits will not be covered. Why should they not be covered? We have a sufficient amount of deposits. At the moment we have Rs. 900 lakhs lying as deposits with the corporation as against the average loss of Rs. 2 lakhs every year. Therefore, I suggest that either the total amount of deposit should be covered by the insurance, or if the Minister feels that this is not the proper time, at least Rs. 15,000 must be covered by insurance. Anything less than that will not meet the situation and will not be justifiable.

My second point is with regard to the rate of premium. Before I come

to that, I would give briefly a background of the financial results of the commercial banks in India. The commercial banks in India today have a total deposit of Rs. 3,600 crores. They have a total advance of nearly Rs. 2,700 crores; as against this total advance and total deposits, the net profit made by all the commercial banks in the country in 1965 was only Rs. 35 crores, which was just one per cent of the total deposit; out of this Rs. 35 crores, Rs. 16 crores were earmarked for payment of income-tax alone leaving only Rs. 19 crores to be shared by the shareholders, for reserve and for employees' share of profit. This is the state of affairs of the commercial banks.

With the background of such a small margin of profit at which the commercial banks are working and also the background that the depositors feel that they are not getting a reasonable rate of interest from the bankers and that the borrowers are feeling that the banks are charging them 9½% per cent interest which is too high, this burden of Rs. 200 lakhs paid by all the commercial banks as premium to this corporation is too heavy a burden, and this burden has no justification in view of the past experience. The rate of premium which is charged at 5 paise per Rs. 100 by which the corporation collects as much as Rs. 200 lakhs a year as premium has no justification. On the average, we find that over the last six years, the experience is that the liability has not been more than Rs. 2 lakhs every year. Even if it increases slightly now because of the increase of coverage up to Rs. 5,000 there is no reason why we should go on collecting Rs. 200 lakhs as premium every year. I would humbly submit that in view of the past experience there is no case for this high rate of premium and I would therefore submit that the rate of premium should be brought down by 50 per cent to 2.50 paise per Rs. 100. In any case, even on sound insurance principles, this would be a justifiable reduction, because the rate of premium has got to be related to the element of risk involved and the payments made in the past.

My third point is with regard to the inclusion of the co-operative banks and their deposits under this scheme. It is a sound proposal. But the past experience about the working of co-operative banks has unfortunately not been very happy. Bad debts were many, and repayments had been difficult. The Bill suggests that the banking laws will now be made applicable to the co-operative banks only in a limited way. It says that only certain important banking laws will be made applicable. This means that all the banking laws will not be made applicable. Therefore, I would like the hon. Minister to tell us in what respect and to what extent the control over the co-operative banks by the Reserve Bank will be less than that on the commercial banks. On that will depend the element of risk involved and the desirability of giving coverage to the depositors of co-operative banks. If the hon. Minister feels that the element of risk involved in the deposits of co-operative banks is more, then the rate of premium may be increased but that may not be desirable in view of other considerations. Therefore, I would suggest that the deposits of co-operative banks should be included under this scheme only after taking the fullest possible precautions and after ensuring that the control by the Reserve Bank on the co-operative banks will not in any way be less than that on the commercial banks.

My next point is with regard to the investment of funds by this corporation. This corporation started in a humble way. But it has now grown up in a big shape. It has started controlling Rs. 900 lakhs, and every year the deposit increases by another Rs. 200 lakhs. You will be surprised to know that 100 per cent of the deposits is being invested in Government securities, shares and promissory notes. Not even one per cent has been earmarked for investment in sound private sector securities and shares. Why should they not be so invested? Private sector securities and shares will give a better return compared to the Government securities and shares and to that context the depositors can earn a better return, the insurance premium can be reduced.

Therefore, a certain percentage of the deposits should be invested in the private sector shares and securities also which are considered to be sound and of good financial standing.

My next point which is most important is with regard to the change in the structure and representative character of the board of directors of this corporation. This corporation has been formed solely with the objective of safeguarding the interests of the depositors. It has succeeded in a way and it will succeed further. But then, who are on the board? The bankers, the financiers, the insurers, the co-operative men and the Reserve Bank representative and the Central Government representatives are there, but there is no representative of the depositors. There are 1,50,00,000 depositors in the country who have deposited their money to the extent of Rs. 3,600 crores in the banks, on which the entire economy of the country revolves. But they do not have any representation on the board of this corporation. I have moved an amendment to the effect and the minimum that is needed is that this corporation should give proper representation to the depositors.

With these few words, I would request the hon. Minister to accept my amendment and to accept the various suggestions that I have made.

SHRI HIMATSINGKA (Godda) : Mr. Deputy-Speaker, Sir, I support the provisions of the Amendment Bill. As has been explained, it seeks to enlarge the coverage to co-operative credit societies and banks with the consent of the State Governments. As was mentioned by the Mover, most of the State Governments have given their consent to these being brought within the ambit of this Bill.

As you know, Sir, a very large amount of money is now flowing into the villages and it is very necessary that that money be mopped up for utilising it in utilitarian objects and industries. Therefore, if the depositors are assured that their deposits are covered by an insurance by the State Government or the Government of

[Shri Himatsingka]

India under the provisions of the Bill that we are discussing, they will be very much assured of their deposits and deposits are very likely to flow in. Therefore the provisions of the Bill are welcome and I support the measure.

As has been suggested, the rate of premium should be reduced because the element of risk is practically non-existent now. Banks, which were not very sound banks, have almost all gone out of existence and banks that are now functioning in the country stand on a very sound footing. There is practically no element of risk any more so far as commercial banks are concerned whose deposits are now insured by the Deposit Insurance Corporation. Therefore there is a justification for the suggestion that the rate of premium should be reduced so that banks may have something more for payment to their shareholders and for carrying to their reserves. Therefore I support the suggestion for reducing the rate of premium also.

The inclusion of co-operative credit societies is a step in the right direction. All possible steps should be taken so that depositors in the rural areas might be encouraged to put in their money in these societies which may be available again for useful purposes.

With these words, I support the Bill.

SHRI S. S. KOTHARI (Mandsaur): Mr. Deputy-Speaker, Sir, the Deposit Insurance Corporation (Amendment) Bill is intended to extend the scheme of deposit insurance to co-operative banks, but before I deal with its extension to the co-operative sector of banking I would trace the history of this Corporation very briefly.

It was actually because of the failure of the Palai Central Bank, which involved many people including Government servants in losses owing to the deposits not being recovered, that this Corporation came into existence for a very laudable purpose. It began with a modest coverage of Rs. 1,500 which, with the beginning of this year, has increased to Rs. 5,000 per account. But it has been observed from the annual report of the Corporation that has been

presented that only 129 lakh accounts are fully protected out of 140 lakh accounts and as against total deposits of about Rs. 3,369 crores, only Rs. 1,553 crores were insured deposits. That means, more than half the deposits are still uncovered. Now that the Corporation is functioning profitably the coverage should be increased. Would the Minister kindly lend his ears to me; he is busy.

SHRI K. C. PANT : I am hearing you.

SHRI R. K. AMIN (Dhandhuka) : What is the last thing that he said ?

SHRI S. S. KOTHARI : I would speak in a louder tone so that what I say does enter the Minister's ears.

The increase of coverage from Rs. 1,500 to Rs. 5,000 is very slow progress. That way probably it may be after umpteen years that we may be able to cover the entire amount of deposits. Therefore I would suggest the coverage of deposits up to Rs. 25,000 in the first stage, Rs. 50,000 in the next stage and so on and the target should be that within a period of about three years to five years, Rs. 1 lakh per account would be covered. Then this Corporation would have reached its consummation.

With regard to the proposal of the Minister to enter the co-operative sector, I would like to caution him because he is entering almost a jungle where there are many pitfalls.

AN HON. MEMBER : Many wild animals.

SHRI S. S. KOTHARI : There are many wild animals, as my hon. friend here says. The co-operative banking sector is almost like a house in disorder; it is like the Augean stables which have to be cleaned before the risk is taken over by the Deposit Insurance Corporation which, in effect, means the Reserve Bank of India.

I would briefly sketch what is happening in the co-operative banking sector. To a considerable extent the loans, which have been paid, are not

recoverable. Probably, when an investigation is conducted by the Reserve Bank, it would be discovered that 30 to 40 per cent of the loans are, what are known, as dud loans, that is, they cannot be recovered. Then there are embezzlements and cases of fraud. Some of these co-operative banks are also used by persons who are in power for political patronage; that is, loans are given to those agriculturists or farmers or people who belong to a particular party or a particular line of thought. The consequence is that vested interests are created and the poor agriculturist or farmer does not have any voice and is unable to obtain loans as he should be able to, which is the basic purpose of co-operative banks.

Therefore, unless the Reserve Bank is sure that deposits in the co-operative banks are safe, the co-operative banks are run in the proper manner and the Augean stables of the co-operative banking sector have been cleansed, the Deposit Insurance Corporation should be chary of entering this line. I do not oppose in principle the idea that deposits of co-operative banks should be protected by insurance. The basic principle is correct but its application has to be delayed till the co-operative banking sector is shorn of the evils that at present abound therein.

The Reserve Bank is taking over the power to control, wind up and sanction compromise schemes. It may in certain cases supersede the management. It may also bring about the winding up. The Reserve Bank has also powers of inspection over co-operative banks. If those inspections are properly conducted, they would reveal the true state of affairs in cooperative banks. The Reserve Bank must extend its full control over co-operative banks. If the Minister says that the Reserve Bank already has those powers, I would submit to him that it is an indictment of the Reserve Bank that it has completely failed to cleanse the co-operative banking sector or to ensure that the co-operative banking sector is run along the right lines or according to correct banking principles.

I would not agree with the proposal, which has been put forward by my hon. friend, Shri Patodia, and which has been endorsed by Shri Himatsingka, that the premium rate should be reduced. I would like this Corporation to build up its reserves. At present the reserves are only Rs. 8½ crores as against the liability of Rs. 1,500 or Rs. 1,600 crores that it carries. It is most necessary that the Corporation should be self-sufficient and that at a later stage this Corporation should invite public participation, at least the participation of banks, insurance companies, the LIC and certain other institutions. These various institutions should subscribe to the capital of the Deposit Insurance Corporation. But that would only be possible if the Corporation becomes strong and viable and is not weak and wobbling, depending on the Reserve Bank for support at all times. Therefore, I would not agree that the premium rates should be reduced. On the other hand, the Corporation should be developed along lines that would enable it to build up enough of reserves to stand on its own feet.

I would suggest that instead of investing all its money in government securities, the Corporation could with advantage to itself and to the Reserve Bank, its owners, invest in debentures and preference shares which would give it a far better yield than it obtains now. I would even say that it could invest in blue chips, that is ordinary shares of companies which have given dividends in seven out of the last nine years, which will give it greater revenues and strength and place it in a better position to give cover to banking deposits.

Finally, I would take this opportunity of making one more suggestion which is of great importance. The Reserve Bank recently reduced its bank rate by one per cent. There is a certain objective behind this reduction. The idea is that money should be available to industry at a lower cost, and commercial banks, in fairness to the banking sector and to trade and industry, should reduce their rates by at least one per cent, if not more. But what we find is that these banks continue to charge almost the same lending rates as before; may be, they might have reduced it by

[Shri S. S. Kothari]

half of one per cent. In some cases, they even discriminate against some depositors in rates. Even today, rates are as high as 9½ per cent....

AN HON. MEMBER : 13 per cent.

SHRI S. S. KOTHARI : or as, my hon. friend is saying, 13 per cent.

I would suggest that the Reserve Bank should ensure that its banking policies are properly followed by commercial banks and they reduce their lending rate in response to the reduction of the bank rate by the Reserve Bank.

श्री शिव नारायण (बस्ती) : उपाध्यक्ष महोदय, पंडित नेहरू के जमाने में मैंने उन से कहा था कि आप अपनी जिन्दगी में बैंकों का नेशनलाइजेशन कर जाइये। अभी जब आप चेअर पर आये उस के थोड़ी देर पहले विरोधी दल के लोगों ने कहा कि कल बैंक्स में स्ट्राइक होने वाला है। राजनीति का फौदा हमारे बिजिनेस में न आये और यह हलचल बैंकों में न फैलने पाये इस लिये बैंकों को नेशनलाइज कर देना चाहिये।

SHRI S. S. KOTHARI : On a point of order ? Is this relevant to the debate ?

श्री शिव नारायण : मैं आप को जवाब दे रहा हूँ जो कुछ आप ने डिपॉजिट स्कीम के सम्बन्ध में कहा है।

मान लीजिये डिबैलुएशन के पहले मेरे पास बैंक में 10,000 रु० थे तो डिबैलुएशन के बाद उस की कीमत घट कर 5,000 रुपये हो गई। हमारे रुपयों की कीमत के बारे में कोई गारंटी नहीं है। गवर्नमेंट को चाहिये कि वह गारंटी दे कि जिस प्राइस पर वह हम से रुपया लेगी, डिबैलुएशन होने के बाद उसी प्राइस के बराबर हम को वह रुपया देगी। अगर ऐसा नहीं होता है तो उस से जनता परेशान होती है।

आज किसी भी इंडिविजुअल के लिये गांवों के अन्दर कोई सेफ्टी नहीं है। वह लोग पैसा कमाते हैं तो नोट ला कर छप्पर

में डाल देते हैं। अगर किसी ने उस में दिया-सलाई लगा दी तो सारे रुपये जल गये। इसलिये यह डिपॉजिट स्कीम बहुत सुन्दर है, लेकिन आज मुल्क के सामने बड़े बड़े सवाल हैं जो कि इस को आगे नहीं चलने देते हैं।

All progressive elements in the country are demanding nationalisation. I am in favour of it. Government should give an assurance on this point.

पक्का ऐश्योरेंस इंडिविजुअल को चाहिये। आज गांवों के कम पढ़े लिखे लोग सरकार के हाथ मजबूत करने के पक्ष में हैं। मैं गांव से आता हूँ। आज वह सरकार के पक्ष में है क्योंकि दस महीने के हल्ला गुल्ला से अब जनता सावधान हो गई है। इस लिये मैं कांग्रेस गवर्नमेंट से कहना चाहता हूँ कि जो डिपॉजिट स्कीम है वह बहुत अच्छी है लेकिन मैं चाहता हूँ कि लोगों को ऐश्योरेंस मिले, गारंटी मिले क्योंकि लोग अपना पेट काट कर, मोटर चला कर या दूसरे काम कर के पैसा जमा करते हैं।

एक माननीय सदस्य : वह बैंको में कहां पैसा डालते हैं ?

श्री शिव नारायण : डालने क्यों नहीं हैं ? गरीब आदमी जो थोड़ा बहुत बचाते हैं उस को वह जमा कर देते हैं। आज हम कोआपरेटिव का नारा तो बहुत लगाते हैं देश में, हम कोआपरेटिव के पक्ष में भी हैं, लेकिन उस में बहुत सी गड़बड़ियां हैं। उन गड़बड़ियों को रोकने के लिये गवर्नमेंट आगे आई है। अगर हम ठीक ढंग से उन को चेक कर सकें और कोआपरेटिव सिस्टम से बैंको को चला सकें तो बड़ा अच्छा है। लेकिन जब आज हम कर्ज लेते हैं तो उस पर हम को 9 परसेंट सूद देना पड़ता है, और हम को 6 परसेंट मिलता है या 4 परसेंट मिलता है। जब पाकिस्तान ने हम पर हमला किया था तब 1 परसेंट इंटररेस्ट को इन्फ्रीज कर दिया था, लेकिन अब इंटररेस्ट को घटा दिया।

इस लिये मैं विधेयक का तो समर्थन करता हूँ लेकिन गवर्नमेंट को सावधान करना चाहता-

हूँ, चेतावनी देना चाहता हूँ कि आज जो सब से बड़ी प्रॉब्लेम है देश के सामने वह बैंकों के नेशनलाइजेशन की है। आज जो नारा कम्युनिस्ट लोग और सोशलिस्ट लोग लगाते हैं आप उस पर खुद अमल कीजिये। जो चीज वह लोग करने के लिये कहते हैं उस को आप खुद अपने हाथों से कर दीजिये।

मैं आप का अनुग्रहीत हूँ क्योंकि आप ने मुझे बोलने का समय दिया। सारा संसार हमारी ओर देखता है। आज सारा हल्ला गुल्ला आज पैसे के कारण हो रहा है। चाहे अमीर हो चाहे गरीब हो, जो भी आदमी अपना पैसा बैंकों में डालता है, को आपरेटिव बैंकों में, गवर्नमेंट को चाहिये कि उस को ऐश्वोरेंस दे ताकि अगर कोई गड़बड़ी कल हो जाये तो उम को पूरा प्रोटेक्शन मिले।

इन शब्दों के साथ मैं विधेयक का समर्थन करता हूँ।

श्री रामावतार शास्त्री (पटना) : उपाध्यक्ष महोदय, यह विधेयक जमा बीमा निगम अधिनियम, 1961 में संशोधन करने के लिये पेश किया गया है। इस विधेयक के जरिये सहकारी बैंकों में पैसा जमा करने वाले लोगों के हितों की रक्षा की बात कही गई है। मुमकिन है कि उस से उन का कुछ फायदा हो जाये। लेकिन इस में जो कुछ गड़बड़ियाँ हैं उन की तरफ मैं आप के द्वारा मंत्री महोदय का ध्यान दिलाना चाहता हूँ और साथ ही तमाम गड़बड़ियों का इलाज क्या है इस की तरफ भी उन का ध्यान खीचना चाहता हूँ।

इस विधेयक के जरिये जमा बीमा निगम अधिनियम, 1961 में सुधार लाया जा रहा है और जो आपका जो बैंकिंग रेगुलेशन ऐक्ट, 1949 है उसके अन्तर्गत अधिकार दिया जा रहा है कि सहकारी बैंकों में जमा करने वालों के हितों की रक्षा की जाये। इस सिलसिले में मैं एक बात उठाना चाहता हूँ कि को आपरेटिव बैंकों की या सहकारी समितियों की आज जो स्थिति है जिस के बारे में अभी माननीय सदस्य बोले हैं बहुत गड़बड़ियाँ हैं पहले उन

को सुधारने की आवश्यकता है। अगर उन को आप ने नहीं सुधारा तो जो संशोधन आप जमा बीमा निगम अधिनियम, 1961 में करना चाहते हैं उस का फायदा जमा करने वाले लोगों को नहीं होगा। जैसा उन्होंने कहा कि ज्यादातर जगहों में राजनीतिक दलों के लोग या शासक दल के लोग उस का इस्तेमाल करते हैं। मैं इस का एक उदाहरण बिहार के बारे में देना चाहता हूँ।

वहाँ लैंड मार्टगेज बैंक है। उस बैंक के अध्यक्ष दूसरे सदन के जनसंघ के एक माननीय सदस्य हैं। बिहार में इस बात की बड़ी चर्चा है और हंगामा भी मचा हुआ है कि उस बैंक के पैसे का इस्तेमाल वह अपने असर के लोगों के लिये करते हैं, अपने असर के लोगों को पैसा देने में करते हैं। इस वास्ते इस तरह के लूपहोल अगर आप रखेंगे तो इसका नतीजा यह होगा कि जनसंघ के लोग या कांग्रेस के लोग अपने असर वाले लोगों के लिए इनका इस्तेमाल करेंगे

श्री शिव नारायण : कहां हैं कांग्रेस के लोग ?

श्री रामावतार शास्त्री : मैं चाहता हूँ कि इस तरह के जो लूपहोल हैं, इनको बन्द करने की कोशिश की जाए ताकि न हम इन इंस्टीट्यूशंस का इस्तेमाल कर सकें, न जनसंघ वाले इस्तेमाल कर सकें और न ही कांग्रेस वाले इस्तेमाल कर सकें। कोई भी अपने फायदे के लिए इनका इस्तेमाल न कर सके, इस तरह की व्यवस्था आपको करनी चाहिये। जैसा अभी बिहार में हो रहा है, इसकी आज्ञा नहीं होनी चाहि।

ऐसा देखा जाता है कि अपने ही आदर्शियों की भरती कर ली जाती है, उपज बढ़ाने के लिए, खेती सुधारने के लिए जो कर्ज हैं वे अपने अपने लोगों को दे लिये जाते हैं.....

श्री कृष्ण चन्द्र पन्त : इस विधेयक से इसका क्या सम्बन्ध है ?

श्री रामावतार शास्त्री : कैसे सम्बन्ध है, यह मैं आपको बतलाता हूँ। जब तक समितियों को, सहकारी बैंकों को सम्बन्ध

[श्री रामावतार शास्त्री]

नहीं किया जाएगा तब तक आपका विधेयक जो अब थोड़ा बहुत फायदा पहुंचाना भी चाहता है, वह भी नहीं पहुँचा सकेगा।

आप पांच से आठ आदमी बहाल कर रहे हैं, डायरेक्टर बहाल कर रहे हैं। आपने कहा है कि दो आदमी जो बैंकिंग व्यवसाय में चतुर होंगे, प्रवीण होंगे उन को रखा जाएगा या सहकारी आन्दोलन के जो अनुभववी लोग होंगे उनको रखा जायेगा। आप यह क्यों कहते हैं। आप कहिये कि एक इन में से रखेंगे, एक उन में से रखेंगे। नहीं तो ऐसा होगा कि बैंकिंग व्यवसाय में से ही दो को रख लिया जायेगा और जो सहकारी आन्दोलन के अनुभववी लोग हैं उन में से एक का भी आप नहीं रख सकेंगे। आप इसके बारे में कोई डेफिनिट चीज रखिये...

श्री जगन्नाथ राव जोशी (भोपाल) : जिन के बारे में माननीय सदस्य ने एलीगेशन लगाया है, वह प्रेजेंट नहीं है। ऐसी अवस्था में एलीगेशन नहीं लगाया जाना चाहिये।

श्री शिव नारायण : एस वी डी की जब गवर्नमेंट थी तभी तो उसने उनको बनाया था।

MR. DEPUTY-SPEAKER : Order, order. It is not required.

SHRIMATI TARKESHWARI SINHA (Barh) : Why is he complaining? His own counterpart has said that he would be the Chairman. Now he is complaining. That is the kind of double-talk they always indulge in.

SHRI RAMAVATAR SHASTRI : It is my right to complain. This is the place. Why not ?

मैंने यह इसलिए बताया है कि आपके दल के एक सदस्य कोठारी साहब ने यह सवाल उठाया था और उन्हीं का मैं समर्थन कर रहा हूँ। जब तक आप कोओप्रेटिव बैंक्स को दुरुस्त नहीं करेंगे तब तक इस तरह के लोग उनका अपने तथा अपने लोगों के फायदे के लिए इस्तेमाल करते रहेंगे।

प्रीमियम रेट को घटाने की बात भी कही जा रही है। अब आप देखें कि कौन

लोग हैं जो ऐसा कह रहे हैं। वही लोग हैं जो डिपॉजिटर्स के हितों की रक्षा करना नहीं चाहते हैं, जो बैंकर्स के स्वार्थों की रक्षा करना चाहते हैं। स्वतंत्र दल तथा कांग्रेस दल के माननीय सदस्यों ने जो बात कही है बिल्कुल गलत कही है। प्रीमियम रेट को घटाया नहीं जाना चाहिये अगर ऐसा किया गया तो इससे डिपॉजिटर्स का नुकसान होगा और बैंकर्स को फायदा होगा। इसका नतीजा यह होगा कि देश के अन्दर उजारेदारी बढ़ेगी, एकाधिकार बढ़ेगा, मीनो-पोली बढ़ेगी।

एक आखिरी बात मैं यह कहना चाहता हूँ कि पैबन्द लगाने से काम नहीं चलेगा। हमारे आर्थिक जीवन में या कोओप्रेटिव बैंकों की स्थिति में सुधार लाने में यह पैबन्द का काम जरूर करेगा लेकिन जो दुनयादी समस्या है उसका समाधान इससे नहीं होगा। कुछ माननीय सदस्यों ने कहा है कि राष्ट्रीकरण ही इसका एकमात्र उपाय है और मैं इसका समर्थन करता हूँ। अगर आप इसको नहीं करते हैं तो देश के अन्दर एकाधिकारी पूंजीवाद के शिकंजे ज्यादा मजबूत होते जायेंगे और हमारे देश की आर्थिक स्थिति हर क्षेत्र में खराब होती जाएगी, देश आगे नहीं बढ़ सकेगा, विकास नहीं हो सकेगा। इसका परिणाम यह होगा कि आपकी नीति से असन्तुष्ट हो कर लोग आन्दोलन करेंगे, बैंकों के राष्ट्रीकरण की मांग करेंगे, अपनी दूसरी मांगें पेश करेंगे। अगर उन्होंने ऐसा किया तो क्या आप उन पर डंडे चलवायेंगे, गोली चलवायेंगे, अश्रुगैस चलवायेंगे, उनको जेलखानों में डालेंगे और जैसा अभी 19 सितम्बर को केन्द्रीय सरकारी कर्मचारियों की हड़ताल में हुआ था इंडप्रश्व एस्टेट से चार मंजली इमारत से लोगों को नीचे फेंकेंगे। आपने बैंकिंग लाज एमेंडमेंट एक्ट में सुधार करके 36 (ए) (डी) ला दिया है जिस को लेकर बैंक कर्मचारियों में बहुत ज्यादा असन्तोष फैल गया है। इसको चर्चा अभी हुई है। कल 21 नवम्बर को वे लोग टोकन स्ट्राइक भी करने जा रहे हैं। अगर

उनके असन्तोष को दूर नहीं किया जाएगा तो बैंकों का चलना मुश्किल हो जाएगा। अगर बैंकों का चलना मुश्किल हो जाएगा तो फिर डिपॉजिट्स भी नहीं होंगे और देश को फायदा भी नहीं होगा। इसलिए 36 (ए) (डी) को आपको खत्म करना चाहिये और इसके बारे में मंत्री महोदय को यहां एलान करना चाहिये ताकि जो कल हड़ताल होने वाली है बैंक कर्मचारियों की वह न हो और हमारे देश की अर्थ व्यवस्था पर जो शिकंजा एकाधिकारी पूंजीपति, मॉनोपोलीस्ट जमाते जा रहे हैं उसको तोड़ा जा सके। ऐसा कोई विधेयक आप लायेंगे तभी फायदा होगा। भोगमील इस तरह से विधेयक लाने से काम नहीं चलेगा। जो समस्या है उसका एक मात्र और बुनियादी समाधान राष्ट्रीयकरण ही है और यही एक मात्र रास्ता हो सकता है।

SHRIMATI TARKESHWARI SINHA : Sir, I also join in supporting this Bill. This was a serious omission in the past that cooperative banks and societies were not given this facility. It is good that the Reserve Bank has realised the necessity of bringing them into their ambit Cooperative societies were giving loans and assistance in rural areas, but because of the risk involved, they were not very enthusiastic about it, except in areas like Maharashtra, where cooperative societies have a strong organisation. I am very happy to see that quite an effective and substantially secure institution has been created to bring the cooperative societies and banks into its purview.

I have got the figures about the number of State co-operative banks, Central co-operative banks and also primary co-operative bank and non-agricultural credit societies. Their number is quite substantial. As on 30-6-68, the number of State co-operative banks is 28 and they have deposits worth Rs. 166.53 crores, out of which Rs. 58.21 crores belong to individuals. The number of central co-operative banks is 368, with deposits amounting to Rs. 302.58 crores, out of which

Rs. 165.28 crores belong to individuals. The number of primary co-operative banks is 1026 and their deposit is Rs. 193.09 crores. In the case of salary earners co-operative credit societies, the deposit is again Rs. 193.09 crores. This is quite a substantial amount.

The only thing which I am not able to understand is that only some States have agreed to amend their laws and the others have not. Under this Bill, the Reserve Bank is being given powers to effectively administer, regulate and also take other effective steps like restrictions on loans and advance, licensing of co-operative banks, maintenance of the liquid assets of the banks, etc. This requires amendment in the State co-operative laws. I am apprehensive about those States which have not agreed to make this amendment, because the people in those States will be denied these facilities and it will be a sort of discrimination between people of one State and another. The hon. minister said, he hopes to win over the other States also. I do not see much difficulty in this if the States are approached properly.

But I am quite conscious of this fact that this Bill by itself is only an enabling Bill and an enabling Bill cannot be an effective Bill. Therefore, on how far this enactment will be effective in solving the problems of the farmers and keeping the individual depositors in a secure position, I have my own doubts. Because, in some States the co-operative societies may be very strong. But I also feel that a lot of dictatorial tendencies have crept into the co-operative societies. Some well-organised co-operative societies will insist on the farmers that they have to plant a particular crop for getting the benefits from the co-operative society. It is happening. Even in regard to the nature of his cultivation, he is virtually compelled by the big co-operative societies which have been managed by influential people in the area. Therefore, the individual farmer is reduced to a non-entity. There are some other States where co-operative societies are run by a caucus. In a State like Bihar so many reports have

[Shrimati Tarkeshwari Sinha]
 been given to the Reserve Bank about the pitiable condition of the co-operative banks.

I will give only one example. The co-operative societies give loans on quite attractive terms to the landed class. But what happened? The benefits of these has not gone to the real genuine people who form the co-operative societies; it has gone to influential families who have built up a caucus. Suppose an influential person becomes a member of an agricultural co-operative. He will make his brothers and sisters, wife, children and friends members of that co-operative. Then, if a farmer wants to become a shareholder for Rs. 10,000 or Rs. 20,000, he has to sign a pro-note saying that he owes the landlord Rs. 30,000. That pro-note is always kept by the landlord. If tomorrow or the day after that farmer claims that his share has not been given to him, the landlord will file a suit in a court of law against that pro-note. In that way, the entire credit of that co-operative society is brought under the control and patronage of that landlord. I would very much like that this Bill should give help to the co-operative societies and banks. But, at the same time, this kind of vicious circle should not be allowed to be formed and this vicious net should be nipped in the bud.

Then, I agree with the hon. Member who said that the purpose of this Bill is not to cover the banks which were already getting the facilities of the deposit insurance scheme, but this Bill has been brought to cover co-operative banks. If the premium rate is reduced, then more money will be left to the co-operative societies, which are not the property of any particular person. The very basis of co-operative societies and co-operative banks is that they belong to the people. If a little more money is kept in the hands of the co-operative banks and it is given to the people, what is the harm? I do not think Shri Ram Avtar Shastri has really followed the provisions of the Bill. He sees policies and corruption everywhere. I am sure that if he has understood the provisions of this Bill he would have said that really more money should be

kept in the hands of the co-operative societies, because this is an enabling provision in regard to co-operative societies.

Lastly, Shri Sheo Narain made a demand for nationalisation. Many of us have made that demand before.

MR. DEPUTY-SPEAKER : Though he could not express himself properly, his first suggestion was very good. He wanted insurance of the basic value of the currency.

SHRIMATI TARKESHWARI SINHA : I welcome that suggestion. I commend that suggestion that the basic value of the currency has to be protected. Very right. But here I am reminded of an incident. I had the privilege of attending a committee connected with the railways along with Shri Sheo Narain. In that committee he made a categorical statement that if the railways are not able to run the train services properly the railways should be handed over to either Tatas or Birlas. I am very happy to find so progressive a change in the thinking of Shri Sheo Narain. I very much welcome this.

SHRI S. KUNDU (Balasore) : Mr. Deputy-Speaker, Sir, the sound policy of growth of banking system in our country depends on three criteria, that is, firstly, the depositors feel that it has a stability, secondly, the depositors have a sense of confidence in it and, thirdly, the money which depositors put in these banks is properly invested. Now, looking at these three criteria, this Bill which comes in the form of an amendment to the earlier Act is not a step in the right direction adequately. However limited the scope may be, we would like to welcome it with the suggestion that its scope be radically improved.

I would like to quote a few lines from the speech of the then Deputy Finance Minister, Shri B. R. Bhagat, while bringing forward the Bill in 1962. He says :

"The decision to introduce a scheme of insurance has been taken in these circumstances primarily with the object of re-

moving any anxiety or misgiving on the part of the individual depositors regarding the safety of the deposits in which they are or may be particularly interested."

If this is the real purpose, I should say, with all humility, we have not been able to achieve this purpose. Therefore, after six years, it is necessary to make a re-assessment of the declared purpose.

According to the Minister of State in the Ministry of Finance, Shri K. C. Pant, till now 46 per cent of the total deposits of the commercial banks have not been covered with the risk. That is the first thing. Secondly, this means a loss of premium rate, to the deposit insurance scheme. It would have been better if this Bill would have protected a larger sum of deposit and it should not have taken these long six years to increase the limit from Rs. 1,500 to Rs. 5,000 covering the risk. So, I would suggest that in course of time radical steps be taken to see that the measure is improved to cover the risk of the depositors which is the declared purpose of the Bill.

14.57 HRS.

[SHRIMATI TARKESHWARI SINHA, *in the Chair*]

I would like to speak briefly on two or three points. Primarily, we are concerned with the cooperative banks. It has been correctly said that the co-operative banks stand on the support of the rural people and also stands on the support of a lot of money invested by the Reserve Bank. I would like to suggest that in order to see that the deposits of the depositors, of the cooperative banks, are secure, it is necessary to have a survey of the working of the cooperative banks throughout the country. In the cooperative banks today there is no sense of participation of the poor people in the rural areas or of the poor peasants, poor artisans, poor craftsmen and that the cooperative movement has been dominated still by the hang-over of the feudal lords which are there throughout the country.

Therefore, if you are going to protect the deposits of small depositors in

the co-operative banks, it is necessary to review the working of the co-operative banks and the people who actually dominate such co-operative banks; otherwise, this inclusion would not give us any benefit which we expect to get by bringing this amendment.

15 HRS.

Another thing that I want to say is this. Points have been made that the premium rate has to be reduced. I would like to suggest one thing here. This premium rate which has been put at 5 Paise is a source of stabilising finance of this Deposit Scheme. Nobody knows what will happen and what sort of trouble will come up in future and, therefore, if you have more money for this Deposit Scheme, then it is good. A point was made that between the money which involves risks and the money which is collected there is a wide difference. I would like to submit that, if you can reduce the quantum of premium in the case of co-operative banks and adjust it by increasing the premium in the case of commercial banks, a lot of people in the co-operative banks or rather the depositors in co-operative banks would not consider it to be harsh to be registered under this scheme. Therefore, I would suggest that it could be examined whether the premium rate in the case of co-operative banks could be reduced and the amount which is lost by that could be compensated by slightly raising the rate in the case of commercial banks.

All these Deposit Schemes and such other schemes are just small things and they give very little confidence to the depositors. The only solution that we have all along suggested is this; the malady in the banking system would be over if there is a complete nationalisation of the banking industry in this country. The commercial banks now have about Rs. 4,000 crores, and my friend, Mr. Patodia, said that they have very little profit. Therefore, I would think that he would not grudge if the entire banking system is nationalised. Therefore, the best solution is nationalisation. The real risks involved in this would be protected if the banks are nationalised. All these measures like

[Shri S. Kundu]

deposit scheme and all that are just small measures; they are just like throwing some pieces of loaves through the chinks of the wall where a monster is sitting and goes on eating and nothing is produced..... (*Interruptions*).

SHRI LOBO PRABHU (Udipi) : Which party are you referring to ?

SHRI S. KUNDU : You decide between yourselves.

MR. CHAIRMAN: The hon. Member may try to conclude.

SHRI S. KUNDU : I am concluding in a minute.

I would like to draw your attention to the Directors' Report on the balanced accounts of the Deposit Insurance Corporation for the year ending the 31st December, 1967. In para 7 it says that the percentage of fully protected accounts to that of total number of accounts, from 1961 to 1967, has decreased. In 1961 it was 78.5 per cent and in 1967 it had decreased to 76.4 per cent.

I do not know why this anomaly should exist. These things should be examined by the Minister. With one sentence from this Report, I will conclude my speech. Here, in this Report, I find in Para 16 that during the year 1967 no depositor of the Bank of China received any payment. I do not know when the Bank of China was liquidated, why nobody claimed any payment and who are the depositors. It is necessary to examine this point and to find out the facts. With these words, I welcome this Bill, but, I would suggest that there should be some radical changes brought forward in this Bill.

SHRI K. NARAYANA RAO (Bobbili) : I welcome this Bill with a few observations. The object of this Bill is very clear, the limited object being to extend the beneficial effects of the Deposit Insurance Act of 1961 to the Cooperative Banking sector. But, in this context, I would say that there is no disagreement about the fundamental principles of this Bill. From every side of this House, hon. Members have agreed about the basic principles underlying this Bill, though certain opinions

have been expressed about the way in which cooperative banking system has been working in this country. There is bound to be certain amount of disagreement on that point. I would like to confine myself to a very few broad aspects of this Bill.

Firstly, I would say that so far as the cooperative banking system is concerned it is a very peculiar banking system. I could say that the banking system existing there is a one-sided affair. They are concerned only with the lending operations and there is not much of deposit activities. So far as the deposit activities are concerned there is not much in that regard.

Madam Chairman, you have already referred to the way in which the cooperative banking system has been working in Bihar. Usually in villages there will be cooperative societies and they collect some shares. On the basis of the shares ten times worth of credit could be secured from district cooperative banks. The district cooperative banks, which are called Central Banks, in their turn get the loans from the State cooperative bank. The Reserve Bank also lends heavily to these cooperative banking institutions. Actually there are no deposits from the rural sector. Only lending operations are there. We come from various States and hon. Members of this House know the position obtaining in the various States in regard to the cooperative banking system. Madam Chairman, you spoke about Bihar. I will say about Andhra Pradesh. There are many hon. Members of this House who can say the same thing from their experience in the respective States. So, I would ask : To what extent is this Bill going to attract the rural capital, the rural wealth, to the cooperative banking system ? In this context I would say that this is going to be indirectly helping the people to come forward to deposit their money. Apart from the coverage of the risks contemplated by this Bill the induction of the Reserve Bank into the activities of the cooperative banks will be a welcome step. The present machinery in the States, particularly the cooperative department, is working very unsatisfactorily. The department is very helpless

against the defaulters. Once the machinery of the Reserve Bank is inducted into this cooperative banking system I feel certain that there is a likelihood of the cooperative banking system being improved upon.

Before I conclude, I must say that I can anticipate the plea of State autonomy etc. from my hon. friend Shri S. Kandappan opposite. But as the hon. Minister has pointed out, this is only an enabling Bill. The States can make amendments to their laws relating to co-operative institutions. There is no question of compulsion or coercion involved in this Bill. After all, the Reserve Bank has to lend its helping hand in putting the co-operative system in order and in seeing that the depositors in the co-operative banks will also be insured against any risks due to adventurism. Whatever the legal powers, the Reserve Bank does not act *suo motu*; it can only request the State Government, and at the instance of the State Government, the Bank can pass the necessary orders in respect of the co-operative banks. So, I would submit that the question of Centre-State relations does not arise here at all. After all, even the Central Government works to a certain extent under the directions of the Reserve Bank. So, if the State Government has to act under the directions of the Reserve Bank, I do not think that the autonomy of the State will suffer in any way.

Shri D. N. Patodia has raised a very interesting point which must receive the attention of the hon. Minister. He has pointed out that there are certain reserves and the element of risk involved is only Rs. 2 lakhs a year. What are we going to do with this excess money? Therefore, I would like to make one suggestion in regard to the rate of premium. Of course, in the Principal act itself there is a provision to the effect that the rate will depend upon the economic position of the corporation, and the minimum coverage can also be raised if found feasible. I am sure it is possible to raise it further. So, in the parent Act itself, there are built-in mechanisms for adjustment. Under section 15 the rate the premium also be

changed and it can vary from institution to institution based on the economic position and the viability of the institution. I do not know how the built-in mechanisms for adjustment have worked so far and I do not know whether Government have acted on that or not. It is for the hon. Minister to explain. Since there is a lot of money lying with the corporation, I would request him to consider the question of giving some bonus also to the persons who contribute this premium.

With these words, I welcome the Bill.

SHRI S. KUNDAPPAN (Mettur) : There is not much to debate on this measure, but hon. Members have brought in the question of nationalisation and the improvement of the working of co-operative societies and so on. Of course, with regard to nationalisation, it is a question of principle. I would very much like to say after looking at the present performance of the public sector undertakings, I feel reluctant to suggest that we should bring in a very vital sector of the economy which is of great importance to the national economy as a whole under this Government. But I would like to insist on one thing namely that Government should try to improve the existing state of affairs.

On the demand for nationalisation, Government came forward with a Bill to effectively socialise and control the banks. Unfortunately, even in that, the performance of Government has not been quite satisfactory. So instead of harping on the platitudes and the ideological disputes as to whether we should nationalise or not, I would like to appeal to Government to see that things improve with the existing powers that they have.

The co-operative sector is another field where Government are totally in control. It may not be the Central Government directly, but the State Governments are mostly in control of the co-operative banking societies. But unfortunately the performance of the co-operative societies in the past has not been satisfactory. I wonder when

[Shri S. Kundappan]

people claim that the co-operative societies in Maharashtra, Madras and Gujarat are functioning well. I do not know about Maharashtra and Gujarat, but with regard to Madras State when I am told that the co-operative societies there are functioning well, I shudder to think of the position in other States, because the fact is that they are not really functioning well. I am speaking here quite frankly because it is no use hiding our sins and trying to spoil the whole thing.

As you yourself have pointed out while speaking on the Bill, there is a kind of bossism which has crept into all societies at the lower level. So the Government is finding it very difficult to weed out that anomaly from the co-operative societies. Unfortunately, a sort of politics is also playing a great role in the functioning of these societies. Let me not be misunderstood when I say that in my State on the eve of the elections a lot of disbursements used to be made and the Presidents of the rural societies would try to influence people and tell them 'If you do not vote for us, we will not give any credit to you not only today but for ever'. You would be astonished to know that in some of the societies, in spite of the rule that every citizen of the area or farmer has got a right to be a member the Presidents used to refuse even applications for membership so that they keep away elements they do not like and keep their own coteni to whom they disburse money.

Another great injury done to the societies is in the matter of the interest rates in money disbursed. The interest rate on credit given through the banks is very much low. We get it at about 8 or 9 or even 6 per cent. But in some States even today the private rate is something ranging between 20 and 30 per cent. The President get a lot of money on assumed names. The signatures of the supposed borrowers are obtained. The poor illiterate farmers are not given the money. But these people lend it outside at exorbitant rates pecketing the margin for themselves. This kind of malpractice is quite rampant in many societies, even in my State which

is supposed to have one of the best run co-operative society system in the country.

Fortunately for us, after we assumed office—I am not saying this as an indictment on the previous Government; I am just stating a fact—we had the situation changed. We arrested many of the Presidents of the societies in the rural areas. I do not have the exact number, but about 50—60 were arrested, and many more are yet to be arrested. This is the position with regard to the banks.

15.17 Hrs.

[SHRI VASUDEVAN NAIR *in the Chair*]

So if Government want to bring the co-operatives within this scheme, they should first of all see that the working of the co-operative societies is improved. If it is not done, I am afraid the inclusion of the co-operative societies will be a drag on other banks. It is not going to help them; rather it will be a drag on the functioning of other banks. This is a most vital factor Government have to keep in mind.

Anticipating that I would plead for State autonomy, Shri Narayana Rao replied to me. I do not know the stand taken by my State Government with regard to this particular item. But we have appointed a Committee headed by Shri K. Santhanam to look into all aspects of the co-operative movement. It is a high-power committee with powers to examine all pros and cons of the co-operative movement including co-operative marketing and all that. They are making an exhaustive and thorough study. Our State Government propose to implement their recommendations. They are still awaiting the recommendations. Probably they are awaiting that report before deciding. They have not so far decided anything on the question of the inclusion of co-operative banks. I am not sure about it, whether they have given a reply or not.

But I would like to say that so far as the States are concerned, with regard to the ties that will be brought about

between the Reserve Bank and the Co-operative societies and the Central Government coming into the picture and playing a bigger role than they were playing all the time, I do not think my State would object, provided the Centre is prepared to pump in enough money to provide loans for the farmers. What is suggested by the Centre is not the only panacea for all the ills of the co-operative movement. I would rather request the Government that simply because a State has got some problems they need not be under the impression that the State is reluctant to carry out the suggestion of the Centre. I would rather caution the Centre that they should take into account the various problem that a State is also facing. Supposing with the recommendations that they are expecting from the Santhanam Committee, they do feel that they need to have some kind of changes, I think the Government would not be reluctant to concede to the suggestions that may be made by my State Government. With these few words I support it and I earnestly hope that the movement of co-operatives would be improved and set on right banking lines.

श्री जार्ज फरनेन्डीज (बम्बई दक्षिण) : अध्यक्ष महोदय, जहाँ एक ओर बैंकों के राष्ट्रीयकरण की आवश्यकता है, वहाँ सरकार इस किस्म के बे-मतलब के कानून बनाकर अपनी तिजोरी में कुछ और ज्यादा पैसा लेने का प्रयास कर रही है। जो विधेयक इस सदन के सामने है, उसका मतलब तो मैं यही समझता हूँ कि सरकार का जो दिन-ब-दिन खर्चा बढ़ता जाता है उसको पूरा करने के लिए एक नया रास्ता हमारे अर्थ मंत्री ने खोजा है। कुछ दिन पहले इस सदन में बैंकों पर सामाजिक नियंत्रण वाला एक विधेयक पेश किया गया और मंजूर भी किया गया। बैंकों पर अगर सचमुच नियंत्रण करने का विचार सरकार का होता तो उस बक्स एक ही राष्ट्रीयकरण वाली बात होनी चाहिए थी अथवा कोई ऐसा कानून पेश होना चाहिए था जिस से बैंक ठीक ढंग से चलें और उन के पास आम लोगों के द्वारा रखे

गए पैसे का बीमा उतारने की जरूरत न पड़े। ऐसे कानून की जगह पर, आप जानते हैं कि सरकार 36(ए) (डी) लाई और बैंकों पर नियंत्रण नहीं लगाया गया। बल्कि अपने कर्मचारियों के ऊपर नियंत्रण लगाने का काम किया।

SHRI K. C. PANT : We are discussing another Bill here, not the Banking Regulation Bill.

श्री जार्ज फरनेन्डीज : अध्यक्ष महोदय, मंत्री महोदय की समझ कुछ कम है। डिपाजिट इन्श्योरेंस पर बहस चल रही है। यह डिपाजिट इन्श्योरेंस कारपोरेशन जो है वह बैंकों के पैसे पर बीमा उतारने का काम करता है।

श्री कृष्ण चन्द्र पन्त : यह तो एक अमेंडमेंट है कि कोआपरेटिव बैंक पर कैसे लागू हो। इसलिए इस का दायरा सीमित है।

श्री जार्ज फरनेन्डीज : कोआपरेटिव बैंक पर कैसे लागू हो, तब फिर वह बैंकों पर किस ढंग से लागू किया गया है इस की बहस जरूर होनी चाहिए। .. (व्यवधान) .. इन बातों के बारे में मंत्री जी को सीखना चाहिए। तो मैं यह बता रहा था कि कर्मचारियों पर नियंत्रण और सामाजिक नियंत्रण के नाम से कुछ साधियों को, कुछ पुराने मंत्रियों को और कुछ चुनाव में हारे हुए कांग्रेसियों को बोर्ड आफ डायरेक्टर्स में बिठाने का काम किया गया। लेकिन उस से ज्यादा कुछ नहीं किया गया। इस के अलावा जो डिपाजिटस इन्श्योरेंस कारपोरेशन है उस को छः साल हुए रिजर्व बैंक ने एक करोड़ रुपये की पूंजी दी और तब यह कारपोरेशन बना। आज इस कारपोरेशन के पास इस पूंजी के अलावा करीब 9 करोड़ रुपये पड़े हुए हैं। गए छः वर्षों में अगर आप इस कारपोरेशन की बैलेंस शीट को देखेंगे तो पता चलेगा कि मुश्किल से दस बारह लाख रुपया ही, जब बैंकों ने अपने डिपाजिटस को पैसा देने में तकलीफ बतलाई तो दस बारह लाख रुपया उस में खर्च करने में आया और वह भी रुपया अधिकतर मैं समझता हूँ पाकिस्तान की जो

[श्री जार्ज फरनेग्बीज]

दो बैंक देश में चल रही थीं, एक हबीब बैंक और दूसरी नेशनल बैंक आफ पाकिस्तान, सन् 65 की लडाई के बाद इन बैंकों के पास में जिन-जिन लोगों के डिपोजिट्स थे, और चूंकि इन बैंकों को हिन्दुस्तान में बन्द करने की बात आ गई तो इस कारण उन डिपोजिटर्स को कुछ पैसा देने वाली बात चली। अन्य कोई भी बड़ी रकम इस सरकार को नहीं देनी पड़ी अथवा डिपोजिटर्स इन्वयोरेंस कारपोरेशन को नहीं देनी पड़ी जिससे बैंकों के प्रीमियम के माध्यम से जमा किए पैसे में से कुछ बड़ी रकम देनी पड़ी हो। वैसे गए छः सालों में सरकार ने करीब 50-60 लाख रुपये दिए हैं। इस बात को मैं मानता हूँ। लेकिन 50-60 लाख रुपये जो डिपोजिटर्स को दिए, बैंक द्वारा पैसा न देने के कारण, उस में से करीब 40 लाख रुपया सरकार को वापस मिला है। अगर कोई बैंक बन्द होता है तो बैंक को चलाने वाला जो व्यक्ति है वह कुछ पैसा खाता है। लेकिन सारा पैसा खाना उन के लिए मुश्किल हो जाता है क्योंकि उस में मकान और कुछ दूसरी चीजें रहती हैं। फिर सरकार की पुलिस इत्यादि के माध्यम से भी बैंक चलाने वालों से पैसा वसूल करने का तीर-तरीका रहता है। जिस से खाए हुए पैसे को कुछ बाहर निकालने का काम होता है। इसलिए मुझे एक प्रश्न सामने रखना है। जब साल में दो करोड़ रुपया आज की हालत में आप कमाते हैं और गए छः वर्षों का अनुभव हमें बताता है कि कोई बैंक डूब तो नहीं रही है, बैंकों की संख्या अवश्य घट रही है, ढाई सौ बैंकों का 91 बैंकों में अमलगमेशन होता है या रिकांस्ट्रक्शन होता है या कोई और चीज होती है जिससे कि बैंकों की संख्या घट रही है या बैंकें बड़ी होती जा रही हैं, छोटी-छोटी बैंकें एक दूसरे से मिलकर बहुत बड़ी हो रही हैं, मजबूत हो रही हैं, ऐसी अबस्था में डिपोजिट इन्वयोरेंस को इसके आगे और चलाना चाहिए या तहीं चलाना चाहिए, इसके बारे में भी हम

चाहते हैं कि सरकार कुछ बुनियादी विचार करे। जैसा कि कोठारी साहब ने जिक्र किया, पालाई सेन्ट्रल बैंक खत्म होने के बाद जो परिस्थिति बनी, क्या आज 10-15 वर्षों के बाद भी वही परिस्थिति मौजूद है। इसलिए आपको विचार करना चाहिए कि इसकी क्या जरूरत है? डिपोजिट इन्वयोरेंस के नाम पर अगले 5-6 सालों में दो ढाई करोड़ हो जाएगा। इस रूपए को सरकार जो सरकारी खर्चों को पूरा करने में लगाती है, इसकी कोई आवश्यकता है या नहीं? इस बात पर बुनियादी विचार होना चाहिए। मैं बैंकों का समर्थन नहीं करता, मैं तो राष्ट्रीयकरण की मांग करता हूँ। इसलिए मैं समझता हूँ यह चीज गलत है। मन्त्री जी स्टेट बैंक पर भी बीमा उतारते हैं। तो क्या उनको खुद के ऊपर विश्वास नहीं है? क्या स्टेट बैंक भी डूब जायेगी? क्या आप भी पैसा खाकर भाग जायेंगे? यह बात समझ में नहीं आती कि हिन्दुस्तान में आप डिपोजिट कारपोरेशन बनाते हो और स्टेट बैंक से भी कहते हो कि तुम भी इन्वयोर करवाओ तो क्या सरकार को खुद पर विश्वास नहीं है? ऐसा लगता है कि यह सरकार ही डूब जायेगी। सरकार के डूबने पर जो और संस्थाएं हैं वह तो नहीं डूब जायेंगी, आप की पार्टी तो डूब जायेगी लेकिन उसके साथ-साथ सरकार भी डूब जायेगी, आपका ऐसा क्या गलत है। आप जो सरकार और पार्टी को एक साथ चलाने का काम करते हो, यह गलत बात है वरना फिर स्टेट बैंक के इन्वयोरेंस की क्या जरूरत है, और जितनी उसकी सन्सिडियरी बैंक्स हैं, ट्रावनकोर, राजस्थान और मंसूर की, इन बैंकों में जो रकम है, डिपोजिट्स हैं, उनको इन्वयोर करने की क्या जरूरत है? तो मैं यह कह रहा था कि एनकेन प्रकारेण इसका भ्रमसद यही है कि किसी न किसी तरह से पैसा ले लो और उसको सरकारी मशीनरी में लगाओ, वरना रिस्क को दूर करने के लिए या पैसे को बचाने के लिए आप इसको लाए हों, ऐसी बात नहीं

है। सभापति महोदय, अगर सरकार ने एमेंड करने की जरूरत छः बरसों के बाद महमूस की, कोआपरेटिव बैंकों को लागू करने का विचार सरकार के मन में आया, तो मैं सरकार से पूछना चाहता हूँ कि हिन्दुस्तान में कितने ऐसे उद्योगपति हैं, निजी क्षेत्र की कितनी कम्पनियाँ हैं, जो आज सात, आठ या नौ फ्रीसदी ब्याज दे कर पैसे को डिपॉजिट के रूप में लेती हैं। मैं चाहता हूँ कि वित्त मंत्री महोदय इस का उत्तर दें। करोड़ों रुपये हिन्दुस्तान के गरीबों और मध्यम-वर्गीयों के आज ऐसी कम्पनियों में पड़े हुए हैं, जहाँ से वे वापिस नहीं मिल रहे हैं। क्या मंत्री महोदय इस से इन्कार कर सकते हैं कि गये पांच बरसों में हिन्दुस्तान में कितनी मिलें डूब गई, अहमदाबाद में एक साल में एक मिल के अन्दर पचास लाख रुपये डूब गये। जहाँ असली रिस्क है, वह कवर करने के लिए सरकार तैयार नहीं है और जहाँ रिस्क नहीं है, वहाँ यह सरकार जा कर के अपने खर्च के लिए पैसा जमा करती है। अगर डिपॉजिट इन्श्योरेंस करने की बात होती, तो सरकार को लोगों की मेहनत से कमाये हुए पैसे को जो हिन्दुस्तान का पूंजीपति सात, आठ या नौ फ्रीसदी ब्याज का लालच लोगों को दिखा कर जमा करता है, फिर डुबाता है, भाग जाता है या बैंकरप्ट हो कर भाग जाता है, इनशोर करने की व्यवस्था करनी चाहिए।

इस लिए मैं मंत्री महोदय से मांग करना चाहता हूँ कि इस विधेयक को अगर वह मन्जूर कराना चाहते हैं, तो करायें, लेकिन आने वाले तीन महीनों में हम यह चाहेंगे कि सदन के सामने एक ऐसा विधेयक आ जाये जिस के द्वारा दिन्ली में जो कई कई नामों से कम्पनियाँ चलती हैं कि हमारे पास पैसा रखो, तो बारह से पंद्रह फ्रीसदी ब्याज मिलेगा और उस बहकावे में आकर गरीब सरकारी कर्मचारी, दुकानदार, मध्यम-वर्गीय अपना पैसा ले जा कर रखता है, और वह पैसा जो उस का डूब जाता है, उस को संरक्षण देने के लिए डिपॉजिट इन्श्योरेंस कार्पोरेशन

एक्ट को एमेंड किया जायेगा। अगर सरकार ऐसा विधेयक लाने का आश्वासन दे, तो मैं समझता हूँ कि इस किस्म के विधेयक का समर्थन करने का कोई मतलब होगा।

कोआपरेटिव संस्थाओं को भी ये लोग लेना चाहते हैं। कोआपरेटिव संस्था किस तरह से चलती है, इस में मैं नहीं जाना चाहता, लेकिन अभी मंत्री महोदय ने इस विधेयक को यहां पेश करते वक्त यह कहा कि 1,422 कोआपरेटिव सोसायटियाँ देश में हैं, जिन में से अगर प्राइमरी सोसायटीज को और कोआपरेटिव क्रेडिट सोसायटीज को निकाल दें, तो 1,000 ही ऐसी सोसायटीज रहेंगी, जिन के पास 655 करोड़ रुपये हैं जिस में से करीब 400 करोड़ रुपये के एसेरेबल डिपॉजिट्स रहेंगे। जो संशोधन विधेयक हमारे सामने है, इस में इस कार्पोरेशन के पास एक करोड़ रुपये की जो पूंजी है, उस को पांच करोड़ करने का प्रस्ताव है। मैं नहीं समझता कि एक करोड़ को पांच करोड़ करने की क्या आवश्यकता सरकार को पड़ी। फिर सरकार वह स्टेजिज में करेगी, दस साल में करेगी, इस से कोई मललब नहीं है। मैंने एक्सप्लेनेटरी नोट को पढ़ा है, जिस में कहा गया है :

"This provides for the authorised capital of the Deposit Insurance Corporation to be increased from Re. 1 crore to Rs. 5 crores and the entire capital will be allotted to the Reserve Bank."

क्यों ? क्या वजह है कि एक करोड़ को पांच करोड़ करना चाहते हैं ? क्या सरकार ज्यादा रिस्क लेने जा रही है ? और अगर रिस्क ही लेना है, तो दस करोड़ रुपया सरकार के पास पड़ा है। फिर बढ़ाने की क्या जरूरत है ? रिजर्व बैंक से निकालो, यहां डालो और उस के ऊपर फिर डिबिटेंड निकालो। अगर सरकार का यह तर्क हो कि वह कोआपरेटिव्स का रिस्क लेने जा रही है, तो मैं मंत्री महोदय के सामने आंकड़े रखना चाहता हूँ कि जो निजी क्षेत्र के बैंक हैं, उनकी जो असेसेबिल डिपॉजिट्स हैं वह कितनी हैं ? वह तो 33

[श्री जार्ज फरनेन्डीज]

से 69 करोड़ रु० की हैं जिनके इन्श्योरेंस के लिये आप एक करोड़ रुपये की पूंजी पूरी समझते हो। कोआपरेटिव बैंक को जब आप इन्श्योर करोगे तब चार सौ करोड़ रुपये आपको इन्श्योर करने पड़ेंगे, यानी जो असेसिबिल डिपॉजिट्स आपके पास आयेंगे वह, आज जितने असेसिबिल डिपॉजिट्स हैं उनका एक बटे आठ होता है। तो फिर एक करोड़ से पांच करोड़ पर आप क्यों दोड़ रहे हैं? आप को कैपिटल अगर ज्यादा लेना है तो 25 लाख की बात करते। मैं नहीं जानता कि क्या जरूरत है कैपिटल लगाने की? जो इन के पास कैपिटल है उसका इन्होंने एक रिजर्व फंड बना कर रखा है। इन्हीं के अनुसार वह रिजर्व फंड वहां पर पड़ा है और उस पर आने वाले ब्याज से तथा इन्श्योरेंस फंड पर आने वाले ब्याज से यह लोग अपना सारा काम काज चलाने की बात भी करते हैं, डिपॉजिट इन्श्योरेंस कारपोरेशन का कुछ चलाने की बात करते हैं। लेकिन म बताना चाहता हूँ कि अगर आप बीमा उतार रहे हैं दूसरों का तो कभी कभी खुद का भी बीमा उतारने की बात कीजिए। मंत्री महोदय अपनी रपट देखें

Deposit Insurance Corporation, Director's Report. Balance Sheet and Accounts for the year ending 31st December, 1967—page 35—

Investments in Central Govt. securities at cost

Face value	Rs. 1,11,60,000
Market value	Rs. 1.07,44,000

यानी ये लोग इस कारपोरेशन के पास जो पैसा है उस को सरकार की सेक्योरिटीज में लगाते हैं। उन की कीमत घटती जा रही है। तो घट रही है आप की सेक्योरिटी की कीमत। अगर बीमा उतारना है तो इस पैसे का बीमा उतारना चाहिए। लेकिन आप दूसरों को संरक्षण देने जा रहे हैं जब कि खुद की हालत बिगड़ती जा रही है। इस विधेयक का हम समर्थन करें या न करें, सरकार जो भी,

विधेयक लाती है उस का विरोध करना मेरा काम है। यह तो हो ही नहीं सकता कि हम आप का समर्थन करें। राष्ट्रीयकरण का विधेयक आप लाएं तो उन का हम समर्थन अवश्य करेंगे। लेकिन वैसा यह सरकार लाएगी नहीं। इसलिए हमारे समर्थन या असमर्थन की बात चलेगी नहीं। लेकिन हम सरकार से इस पर विचार करते हुए कहना चाहते हैं कि राष्ट्रीयकरण का प्रस्ताव अगर यहां पर लाओगे, तो वह मलतब का रहेगा और इस ढंग से अपने कुछ और नोट कमा कर सरकार को बरबाद करना चाहेंगे तो फिर ऐसी बातों के लिए हमारा समर्थन नहीं रहेगा।

SHRI K. C. PANT : Mr. Chairman, I am very grateful to the hon. Members who have participated in this debate for the support that they have extent to the principles round which this Bill is constructed and the basic idea behind it. Of course, there is no remedy for a person like Shri Fernandes, who says that even if we bring forward something good, he will not be able to support it.

जार्ज फरनेन्डीज : मैंने कहा कि राष्ट्रीयकरण लावो तो उसका समर्थन होगा। लेकिन कोई चीज अच्छी कर नहीं सकते हो।

SHRI K. C. PANT : All I can hope for is that he will get out of this habit of negativism and that once in a while when he recognises that something is good, he will support it because it will do a lot of good to his moral tone.

I shall briefly touch upon some of the points that have been raised, though I had a feeling that, as in the case of Shri Fernandes, finding that there is nothing much wrong with the measure, some hon. Members used their very fertile minds to project an image which, later on, they shot. They were not very relevant, so far as this Bill is concerned, whatever merit they might otherwise have. Therefore, my task, if I take only the relevant points, is very light. I propose to deal only with what was relevant.

The first point that was raised was that there is need to strengthen the co-operative sector, that the functioning of the co-operative sector is not what is ought to be. I think, one can accept that in certain areas of the country, the functioning of the cooperative sector is not as good as in others, it is somewhat patchy and uneven, and there are certain areas where the cooperative sector needs to be strengthened. But the basic point is that the cooperative movement will have to play an important part in the economic development of the country. I think, many of us here are agreed on that basic principle that co-operation is to play an important part and should be made to play an important part in the economic growth and development of the country. If that basic objective is accepted, then we have to accept the challenge posed by the weaknesses that we find today in the co-operative sector in certain areas rather than to despair of improving them. If we accept that challenge, then this measure will certainly supplement the efforts being made in the administrative and other fields to strengthen the cooperative sector. It is in this context that I would like the hon. Members to view the Bill as one which will enable the cooperative banks to play a very useful role in the future.

As was explained by my hon. friend, Shri Patodia, in the last six years, ever since the Deposit Insurance Act was made applicable to bank deposits, it did succeed in strengthening confidence among the depositors. The deposits have grown while the number of banks has come down and, all in all, almost all the Members who spoke has a good word to say about the functioning of the Deposit Insurance Act in the last five or six years in relation to its application to banks. In fact, the complaint seems to be that it had done too well and why it had built up too many reserves, etc. etc. Really, I think, they ought to have complimented them for having built up the reserves. As pointed out by one hon. Member, the reserves are not enough in relation to the potential liability. . . .

SHRI S. S. KOTHARI : I said that the reserves need to be strengthened.

SHRI K. C. PANT : Yes; you did say. I agree with him that the reserves need to be strengthened and you have to see the reserves in relation to liability. But, certainly, there can be no serious complaint as to why the Corporation has done well and has managed to build up the reserves. If it had not built up the reserves, there would have been a spate of criticism. I would have faced that criticism. This is the first occasion when a Corporation has been criticised for building up the reserves. I have heard so many Members referring to it with an air of criticism and disapproval as though it is something wrong to build up reserves. I think, it is the function of the Corporation to build up reserves.

The second point is that even if one accepts there are weaknesses in the co-operative banking structure and so on, that only enhances and strengthens the need and the argument in favour of the Bill because, if everything were well there, one would have expected the depositors to go to the cooperative banks without the need for an insurance cover. The very fact that there are weaknesses show that if we want these cooperative banks to play a useful role in mobilising rural savings which we, certainly, do and, as I pointed out earlier, their scope for mobilising these savings is even more than the banks because their network is much faster, then it is only right and proper we should strengthen them and we should give the insurance cover to the depositors and, in spite of whatever weaknesses there may be in certain areas in the cooperative sector, this insurance will give them the feeling that their interests are safe. In that context, I think, the whole purpose, the whole principle, the whole idea, behind the Bill is one that all sections of the House should welcome.

Another point that was raised was with regard to the premium rates. It was said that the premium rate should be reduced.

As I have already said, my hon. friend has presented the other side of the case from his expert knowledge because he has pointed out that we have to view the results in relation to the liability.

[Shri K. C. Pant]

Secondly, we have to keep in mind that we are now venturing into a field, the co-operative field, in which we do not have too much of experience and frankly, the liabilities are somewhat uncertain. A large number of banks—about one thousand banks—spread all over India will be brought within the purview of this Bill. It is in this context that, at the present moment, we cannot really assess clearly the potential liability of the Corporation. So, this would not be the right time really even from this point of view to reduce the premium.

Thirdly, we have to accept that we should be forward-looking in relation to the level of deposits which we cover by insurance. Some hon. members made the point that we had now gone up to Rs. 5,000 that we should go higher. If we want to do that, then also we should have some reserves. To reduce the premium at this stage would, to some extent, reduce our ability to raise these limits. Therefore, this point also has to be kept in mind. There are many things, which are desirable, but certain things are contrary to each other and you cannot have both at the same time; you have to set certain priorities for yourselves.

Then a point was raised that we should invest in the private sector and earn a higher return on the investments. Now the point to be considered is that we want these deposits to be absolutely safe. This is an insurance and we want to invest the money that we get in such a manner that there is absolute safety, and it is on the principle of absolute safety that we invest in these Government securities. Whatever else one may say, even accepting Mr. Fernandes' argument, I think it is accepted that government securities are the safest. Therefore having accepted that, we are going to abide by the 'absolute safety' principle in regard to this matter, and it is for this reason. . . . (*Interruptions*)

SHRI PILOO MODY (Godhra) : What sort of banking principle is there ?

SHRI S. S. KOTHARI : A sort of balance should be there.

SHRI K. C. PANT : You explain the safety principle to him.

SHRI PILOO MODY : Do you understand ? (*Interruptions*)

SHRI K. C. PANT : Balance, he will never understand; safety, he will understand. You explain to him.

SHRI D. N. PATODIA : What about LIC and similar other institutions which are committed to investment in private sector? Are they not safe?

SHRI K. C. PANT : A point was raised by Shri Kothari. . . .

SHRI PILOO MODY : You answer his question.

SHRI K. C. PANT : I shall answer the question I chose to.

My hon. friend, Shri Kothari, referred to the Reserve Bank's powers and he says that the Reserve Bank should have the power of inspection. Actually the Reserve Bank does have the power of inspection of the co-operative banks under section 35 of the Banking Regulations Act as applicable to the co-operative banks. This was made applicable to the co-operative banks earlier and perhaps he knows of the Banking Regulations Act under which this was made applicable. . . .

SHRI S. S. KOTHARI : Let them exercise this power effectively.

SHRI K. C. PANT : I agree; it should be exercised effectively. I am sure, the Reserve Bank will pay heed to his exhortation.

Then, there was a point raised by Shri Ramavatar Singh. . . .

AN HON. MEMBER : Ramavatar Shastri.

SHRI PILOO MODY : He will call him what he chooses to.

SHRI K. C. PANT : I think, Mr. Shastri will accept this. 'Singh' is advantageous in elections sometimes.

He said that there should be two persons who have experience in the co-operative field. He thought that the language was ambiguous. I personally do not see how he came to that conclusion.

It says :

"Five directors nominated by the Central Government in consultation with the Reserve Bank, three of whom shall be persons having special knowledge of commercial banking or of commerce, industry or finance and two of whom shall be persons having special knowledge of or experience in co-operative banking or co-operative movement."

श्री रामावतार शास्त्री : मंत्री महोदय के पास जो नोट्स हैं वे उन को देखे ।

श्री कृष्ण चन्द्र पन्त : मैं विल से पढ़ रहा हूँ । नोट्स थोड़े ही विधेयक हैं ।

श्री रामावतार शास्त्री : दोनों में कोई फर्क नहीं होना चाहिये ।

श्री कृष्ण चन्द्र पन्त : उन में कोई कंफ्यूजन नहीं है । अगर माननीय सदस्य गौर से उस को पढ़ें तो कोई द्विविधा नहीं उठती । यह बिल्कुल साफ है ।

Mrs. Sinha raised the point that this will be applicable to some States and not to others. I have already dealt with this in my opening statement. I hope the States who have not replied to us, who have certain difficulties, will also accept this and fall in line, and that they will take advantages of the attempt being made to strengthen the co-operative sector.

My hon. friend Shri Kandappan referred its Centre-State relations because Mr. Rao referred to it. I wish he had not fallen a prey in that trap, which was set for him. He really had nothing to say on this issue. On this issue I found that he was accepting the basic idea behind this Bill and the principles and also the care that had been taken by the Central Government in seeing that the powers of the State

Government are not eroded in any manner. This Bill will become applicable only when the States are agreeable and when they bring forward a measure in their own legislature. Therefore, I think, he was fully agreeable to this scheme of things, but as Mr. Rao provoked him into saying something hypothetical, he said like that.

SHRI S. KANDAPPAN : I made that point simply because we are awaiting the Santhanam Committee's report. In case the Government of Tamilnad has got any difficulty with regard to implementing that, the Central Government would be gracious enough to concede the points and make adjustments accordingly. That is what I wanted to point out.

SHRI K. C. PANT : I hope we shall never be wanting in grace. I hope my hon. friend, if he finds this acceptable, will raise no objection and will persuade his Government to accept it.

Shri Fernandes raised the point as to why the deposits in the State Banks were also insured. I am surprised that a knowledgeable person like him should have raised this point. The principle of insurance is to spread the risk between good risk and bad risk. It is not that deposits in State Bank are insured because there is any doubt about deposit in the State Banks or viability of the State Banks. If there is some risk, they should be able to meet that liability, if something like that happens. That is the obvious principle. He raised some other issues which are very enlightening but not very relevant.

So, I think, Sir, I have dealt with all the points, and I hope we can pass on to the next stage.

श्री जार्ज फरनेग्डीज : प्राइवेट इंडस्ट्रियलिस्ट्स और प्राइवेट फाइनेंसिंग एजेन्सीज के पास जो पैसा रक्खा जाता है, चूंकि रिजर्व बैंक वह पैसा देता है या कम्पनी ला एडमिनिस्ट्रेशन देता है उस पैसे के इश्योरेन्स के बारे में सरकार कुछ करे । इस सिलसिले में यह बहुत रिलेवेंट है । इस पैसे के लिये बहुत रिस्क है ।

SHRI K. C. PANT : I have mentioned it in the Debate. I hope I have some latitude in ignoring some of the points made. Otherwise I will become a bore in this House.

श्री जार्ज फरनेन्डीज : जहाँ रिस्क है वहाँ इग्नोर करना चाहते हैं ।

SHRI S. KUNDU : I gave a suggestion that the premium rate in respect of co-operative banks should be reduced, compensating the loss by a slight rise in the rate for the commercial banks. As it is, the rate of interest charged by co-operative banks is high and this will raise it further and ultimately hit the poor people in the rural areas.

SHRI S. S. KOTHARI : The risk is greater in the co-operative sector and according to insurance principles the rate should be higher.

MR. CHAIRMAN : In the second reading stage, these points can be made.

SHRI D. N. PATODIA : There is one point left unanswered, which if he likes he may reply. It is about representation of depositors on the Board. It is an important point.

SHRI K. C. PANT : It is certainly important; I shall deal with at the amendment stage.

MR. CHAIRMAN : There is a Motion for circulation.

SHRI SHIVA CHANDRA JHA : May I say a few words on my motion ?

MR. CHAIRMAN : Not at this stage.

SHRI SHIVA CHANDRA JHA : Then what is the point in moving motions for circulation ?

MR. CHAIRMAN : He could have spoken earlier. Anyway, he may briefly say what he wants.

श्री शिवचन्द्र झा : सभापति महोदय, आप जानते हैं कि मेरा संशोधन इस विधेयक को पब्लिक ओपीनियन के लिये संकुलित करने का है । बहुत सी बातें हैं जो उधर से कही गई हैं और मुख्तलिफ़ बातें उधर से भी कही गई हैं । यह विधेयक जो 1949 का बैंक

रेगुलेशन ऐक्ट है उसके मुताबिक है, जो हाल के तथाकथित सोशल कंट्रोल आफ बैंकिंग लाज अमेंडमेंट बिल से संशोधित हो चुका है । इस बिल में कोआपरेटिव बैंक के बारे में भी है । यह दोनों बातें सोशल कंट्रोल आन बैंकिंग लाज अमेंडमेंट बिल में हैं । उन के मुताबिक ही आप का इन्फ़ोरेंस का विधेयक चलेगा । बैंकिंग लाज अमेंडमेंट बिल स्वयम् ही बहुत विवादग्रस्त है ।

समाज की मांग है कि बैंकिंग का राष्ट्रीयकरण हो, जैसा अभी कहा गया ताकि कैपिटल का मोबिलाइजेशन हो, रिसोर्सेज का मोबिलाइजेशन हो और जो विकास के काम समाज के सामने हैं वह तेज रफ़्तार से चलाये जायें । लेकिन सरकार इस का उल्लेखनन कर के इन्फ़ू को साइडट्रैक करने जा रही है । यह जो विधेयक है उस के मातहत ही साइडट्रैक करने की बात आती है इस लिये मैं चाहूंगा कि इस को संकुलित कर दिया जाये जिस में बैंकिंग लाज पर सही तौर पर वाद-विवाद हो । सारे देश में इस के बारे में नाराजगी है । जब सारे देश की जनता के विचार सामने आ जायें तब यह विधेयक सदन में लाया जाये और विचार के लिये पेश किया जाये ।

MR. CHAIRMAN : The question is :

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 31st January, 1969".

The Motion was negatived.

SHRI SHIVA CHANDRA JHA : The 'Ayes' have it.

MR. CHAIRMAN : The result has already been declared. If he wanted a division, he should have challenged it before the result was declared.

The question is :

"That the Bill further to amend the Deposit Insurance Corporation Act, 1961, be taken into consideration."

The Motion was adopted.

MR. CHAIRMAN : We will now take up the clauses.

16 HRS.

There are no amendments to the clause 2.

The question is :

"That clause 2 stand part of the Bill."

The Motion was adopted.

Clause 2 was added to the Bill.

Clause 3—*Amendment of section 2.*

MR. CHAIRMAN : There are some amendments by the Government—amendment 4, 5 and 6.

SHRI K. C. PANT : I beg to move :
Page 3, line 17,—

for '1967' substitute '1968' (4)

Page 4, line 22,—

for '1967' substitute '1968' (5)

Page 5, line 6,—

for '1967' substitute '1968' (6)

These are procedural, amendments just to change the year from 1967 to 1968.

MR. CHAIRMAN : The question is :
Page 3, line 17,—

for '1967' substitute '1968' (4)

Page 4, line 22,—

for '1967' substitute '1968' (5)

Page 5, line 6,—

for '1967' substitute '1968' (6)

The Motion was adopted.

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—*(Substitution of new section for section 4.)*

SHRI LOBO PRABHU (Udipi) : I beg to move :

Page 5, line 23,—

for 'five' substitute 'three' (10)

Whether the capital of the Corporation is 3 crores or 5 crores may not be very meaningful if one looks at it only from the point of figures. Government have been very loose with these figures and when they deal with thousands of crores, 3 or 4 crores is not relevant. It is meaningful because this Bill is an experiment and can be a very dangerous experiment. If the Government is given power for a long time with the share capital which contains such a large margin, this danger is enlarged. I would like to say that this Bill is dangerous because there are serious gaps in the thinking of the Government which have not so far been exposed. There was a general complaint that co-operative societies are in a bad way, that even in Madras which has been praised for its excellence, the societies are so bad that a special Committee headed by a very eminent person has been appointed. If that is the position, is it enough for the Reserve Bank to be content with powers only over the banks which lend money to these societies? The powers of the Reserve Bank to be meaningful should extend to the societies. If the societies are bad, if the societies are in default in their payments, the banks are going to be affected. In this connection I would like to draw the Minister's attention to the fact that the overdues from these societies were 6 crores of rupees in agricultural societies and Rs. 10 crores in non-agricultural societies. These overdues are very rarely paid and the societies generally enter into liquidation. It means that these Rs. 16 crores are sooner or later going to come on the banks. Of course, the Minister may say that this payment may not be on the private depositor because as much as 60% of the credit of these societies is from the Government institutions and another 15% is from the Government. Even so, though Government money may not require protection, it is noteworthy that it will have to bear an ultimate loss which may go upto Rs. 16 crores even on the present estimates. The Deposits Insurance Scheme which has been praised by my colleague, Mr. Patodia, is going to be faced with this liability from the co-operative societies. The fact that the

[Shri Lobo Prabhu]

control of the Reserve Bank stops with the banks is a very serious matter for consideration. We do not want to tie up with what is to be an unsuccessful scheme. I, therefore ask the Government to think before they proceed with this scheme.

My second point is depositors depend on confidence, and what is the confidence that the public have, not in banking but in the Reserve Bank? The Minister made it out that the Reserve Bank had done very well, but nothing had been done about the default of the Reserve Bank. I refer to my friend's reference to the Palai Bank. This Palai Bank was under the Banking Regulations Act from 1949, subject to inspection, subject to reports and so on. They had also a Reserve Bank officer there. But what is the result? The Palai Bank went by the drain, and the Government were involved in the loss, besides many depositors. The up-to-date payment made was only 64 per cent, and they have lost the remaining 36 per cent. They had lost the interest which would have accrued, which might have been about 50 per cent.

My question is, how can this country rely on the Reserve Bank which has powers but does not use them? What will the Reserve Bank do when they have a larger number of banks to supervise and to control than they have so far? These are very serious gaps in the thinking of the Government, and therefore, I press very strongly that before we give the Government a licence to avoid the notice of Parliament by giving this extra power to raise capital to Rs. 5 crores, we are content for the time being in raising the capital only to Rs. 3 crores.

श्री आर्ज फरनेन्डीज : मैं प्रस्ताव करता

हूँ :

Page 5, line 23, for "five crores of rupees"

substitute "one crore and twenty-five lakhs of rupees" (30)

इस सिलसिले में मैं काफी बोल चुका हूँ। अब मैं एक दो बातों की ओर ही आपका ध्यान दिलाना चाहता हूँ।

डिपॉजिट इन्श्योरेंस एक्ट ने दो फंड्स बनाये हैं। सैक्शन 22 अफ दो ओरिजिनल एक्ट में यह लिखा हुआ है :

"The Corporation shall maintain two funds, to be called respectively the Deposit Insurance Fund and the General Fund."

क्लाज 23 में डिपॉजिट इन्श्योरेंस फंड क्या चीज है, इसका जिक्र है। जितना प्रीमियम आता है, रिजर्व बैंक से जो एडवांस लिया जाता है, जनरल फंड से जो पैसा ट्रांसफर किया जाता है, और जितनी प्रीमियम की उनकी आमदनी है, उस पर जो ब्याज आता है, उसकी इनवैस्टमेंट पर जो ब्याज आता है, उस से डिपॉजिट इन्श्योरेंस फंड बनेगा। अब इस फंड का जो इस्तेमाल है वह 23(2) में दिया हुआ है :

"The said Fund shall be applied to

- (a) make payments in respect of insured deposits;
- (b) to meet the liability in respect of advance taken under section 26; and
- (c) to meet the liability in respect of the amounts referred to in clause (c) of sub-section (1)."

अब अगर सरकार का यह कहना हो कि चूंकि हम ज्यादा जिम्मेबारी लेने जा रहे हैं, इसलिये हमें जो कैपिटल है उसको बढ़ाना है तो इस में कोई तथ्य नहीं है। अगर कहीं कोई बैंक डब गया और डिपॉजिटर्स का पैसा वापिस करना पड़ गया तो वह पैसा डिपॉजिट इन्श्योरेंस फंड से आयेगा। जनरल फंड से वह पैसा नहीं आयेगा।

मैं मानता हूँ कि मंत्री महोदय हमारा ध्यान 23(1) (डी) की तरफ दिलायेंगे जिस में यह लिखा हुआ है :

"All amounts transferred to that Fund from the General Fund under section 27".

लेकिन आप सैक्शन 27 को देखें। वह यह कहता है कि अगर कभी डिपॉजिट इनश्योरेंस फंड के पास पैसा कम पड़ता हो तो जनरल फंड से डिपॉजिट इनश्योरेंस फंड को पैसा ट्रांसफर किया जा सकता है। अब ऐसी हालत में तो पहले आएगी ही नहीं। इसका कारण यह है कि जैसा मैंने पहले बताया सिर्फ दस लाख इन्होंने दिया है। लेकिन दूसरी बात यह है कि सैक्शन 26 के अनुसार रिजर्व बैंक डिपॉजिट इनश्योरेंस फंड के पास अगर पैसा कम पड़ता हो तो उसको कर्जा दे सकता है। जब ऐसी हालत है तो मैं नहीं समझता हूँ कि पांच करोड़ की पूंजी लगा कर जो आमदनी है इस कारपोरेशन की उस में से सरकार को इसको ज्यादा व्याज देने का कोई रास्ता बनाया जाये। अगर ऐसा किया जाता है तो मैं इसको मानने के लिए तैयार नहीं हूँ। इस वास्ते मैं यह चाहता हूँ कि एक करोड़ पच्चीस लाख से ज्यादा पूंजी बढ़ाने की इनको इजाजत न दी जाए।

SHRI K. C. PANT : I think both of my hon. friends would have argued their case better if they had said that there ought to be no increase in authorised capital. But Mr. Lobo Prabhu is prepared to increase it from Rs. 1 crore to Rs. 3 crores and Mr. Fernandes is prepared to increase it to Rs. 1½ crores. Therefore, it is a matter of judgment how high it should go. Neither says that the resources are enough and you need not increase the limit. If they admit there is scope for increasing the limit....

श्री आर्ज फरनेन्डीज : मैं नहीं मानता।

SHRI K. C. PANT : Why did you give an amendment to increase it to Rs. 1½ crores? श्री आर्ज फरनेन्डीज : इस

लिये कि बर्ना मुझे इस का पूरा बिरोध करना पड़ना) You would have more consistent if you had said that there should have been no increase. Therefore, it is a matter of judgment as to what the increase should be. Now, who will exercise the judgment? Which is the

best agency to do that? Mr. Lobo Prabhu, in rhetorical flourish more than anything else, expressed some lack of confidence in the Reserve Bank. I am quite certain that an experienced administrator like him knows the place of the Reserve Bank in the scheme of things and he cannot possibly believe there is scope for lack of confidence in this basic institution in our economy.

SHRI LOBO PRABHU : What happened to Palai Bank?

SHRI K. C. PANT : It is only an acknowledgement that there can be errors and certain human beings can act out of bad motives. Once the error is pointed out, Reserve Bank takes steps. We have moved far away from the days of Palai Bank and my hon. friend knows that we owe it to a large extent to the Reserve Bank that today we are in a much happier position. Therefore, we must accept the judgment of the Reserve Bank in this matter. The Central Government is going to authorise increase in capital in consultation with the Reserve Bank. The present amendment is only an enabling one, to avoid having to come before Parliament again and again to increase the capital progressively. So, we have raised the limit a little higher to Rs. 5 crores. Having explained it in so much detail, I hope both of my friends will agree to withdraw their amendments. Even if Mr. George Fernandes cannot agree to it as a matter of principle, I hope. Mr. Lobo Prabhu will withdraw his amendment.

SHRI LOBO PRABHU rose—

MR. CHAIRMAN : We have already exceeded the time. There should be some limit somewhere. You can smuggle in your question afterwards because you have a number of amendments to the other clauses also.

I will now put amendments 10 and 30 to vote.

Amendments Nos. 10 & 30 were put and negatived.

MR. CHAIRMAN : The question is :
"That clause 4 stand part of the Bill."

*The Motion was adopted.
Clause 4 was added to the Bill.*

Clause 5—(Amendment of section 6.)

MR. CHAIRMAN: There are a number of amendments.

SHRI LOBO PRABHU: I move amendments 11, 12 and 13.

MR. CHAIRMAN: Mr. Kundu's amendments Nos. 16 and 17 are barred; they are the same as amendments 11 and 12. He can move 15 and 18.

SHRI S. KUNDU: I move amendments Nos. 15 and 18.

SHRI K. C. PANT: I move amendment No. 28.

SHRI GEORGE FERNANDES: I move amendments 31, 32, 33 and 34.

SHRI D. N. PATODIA: I move amendment No. 37.

MR. CHAIRMAN: Mr. Dar is not present.

SHRI LOBO PRABHU: I beg to move:

Page 5, line 33,—

for "five" substitute "three" (11)

Page 5, line 34,—

for "three" substitute "two" (12)

Page 5, line 36,—

for "two" substitute "one" (13)

SHRI S. KUNDU: I beg to move:

Page 5, line 29,—

after "officer" insert—

"having knowledge on the matter of Insurance of deposits" (15)

Page 5, lines 36 and 37,—

for "two of whom shall be persons" substitute "one of whom shall be a person" (18)

SHRI K. C. PANT: I beg to move:

Page 5, line 36,—

after "banking," insert—
"insurance," (28)

SHRI GEORGE FERNANDES: I beg to move:

Page 5, line 33,—

for "five" substitute "two" (31)

Page 5, line 34,—

for "three" substitute "one" (32)

Page 5, line 35,—

for "persons" substitute "a person" (33)

Page 5, lines 36 and 37,—

for "two of whom shall be persons" substitute "the other shall be a person" (34)

SHRI D. N. PATODIA: I beg to move:

Page 5, lines 36 and 37,—

for "and two of whom shall be persons" substitute—

"one of whom shall be person representing Bank depositors on one of whom shall be person" (37)

SHRI SRINIBAS MISRA (Cutta-ck): Sir, on a point of order. The government amendments are standing in the name of Shri Morarji Desai. The gentleman sitting here is not Shri Morarji Desai. So, under the rules, he cannot move those amendments since they are not circulated in his name. I can cite the rule.

SHRI K. C. PANT: I think he need not take the trouble of citing the rule. His point or objection is well taken care of. Since he was present in the House, I have taken the precaution of writing to the Chairman.

SHRI LOBO PRABHU: Mr. Chairman, agreeing that the Minister is carefull and competent, I just refer to the fact that he had not answered my objection that the powers of the Reserve Bank are limited to the banks and do not extend to the societies.

Coming to my current amendment, I have again proposed a change in figures. It may not be dismissed by the Minister as one of judgment, because

there is a little more than that. At present the Directors of this Corporation are drawn almost entirely from the Reserve Bank and Government; I say almost entirely because in addition to the Governor and the Deputy Governor, the third Director is an officer of the Finance Ministry; that is, of the same like, same class. Then, the two other Directors are the nominees of the Reserve Bank. They are therefore, people who share the views of the Reserve Bank. I would like the Minister to consider carefully why it has been made such a family affairs of the Reserve Bank. There are other banks involved in this, there are the depositors involved in this.

SHRI K. C. PANT : Which other banks ?

SHRI LOBO PRABHU : The depositing scheduled banks are involved. They have no representation; only the Reserve Bank, its nominees and government have representation. Then, there are the depositors, as my hon. friend, Shri Patodia has mentioned. I am not going as far as that, asking you to change the whole scheme of things. I am first asking you to reduce the number of these directors. Numbers of missions and delegations these days seem to increase only in numbers and decrease in quality.

16.18 HRS.

[**SHRI THIRUMAL RAO** in the Chair]

There is no point in paying more money to these people who come just to say "yes" to what the Reserve Bank is doing. So, I first suggest a reduction in numbers.

Then, I think it will meet the wishes of everyone if these outside Directors are approved by Parliament, because it is no good getting yes-men in this directorate who will do exactly what the Reserve Bank wants, who will fail to protect the interests of the public. So, I do hope that our intelligent and very capable Minister will concede this much, that he changes the existing provision of nominated in consultation with the Reserve Bank to one of "approved

by Parliament". It will give Parliament a sense of collaboration or co-operation in this enterprise, in this Corporation. I am fairly confident that he will accept this amendment.

SHRI S. KUNDU : My amendment suggests the addition of the words "having knowledge on matters of insurance or deposits" after the word "officer" in clause 5 on page 5, line 20. Another amendment seeks to reduce the strength of the directors. The nominee of the Reserve Bank will be a very important person in the Board of Directors. So, he must have some knowledge about insurance. Shri Pant is looking at me to say that he has already moved an amendment that such persons must have knowledge of insurance. I have checked up and I find that it is for other Directors. Otherwise, I would have accepted it. About the nominee from the Reserve Bank, it was previously, the Deputy Governor and now 'any other officer', he should also have the knowledge of insurance. Otherwise, it will be very difficult for him to understand the problem. I have suggested that the provision of the increased number of directors should be deleted.

At least once, Shri Lobo Prabhu has realised, after perhaps his retirement, that if more officers are put up, more funds are wasted on T.A. and other allowances and the expenditure of such Corporations is increased. Therefore, it is in the fitness of things that what I have suggested should be accepted.

Then, I support Shri Patodia's amendment that there should be one director representing depositors. There are lakhs of depositors and their case would only be strengthened if one of their nominee is on the Board of Directors.

श्री जार्ज फरेन्ग्टीज : अध्यक्ष महोदय, मुझे इतना ही कहना है कि 5 व्यक्तियों को डायरेक्टर बनाने का जहां सरकार का मंशोधन है वहां दो ही रखे जाये जिस में से एक रहे निजी क्षेत्रों के बैंकों का प्रतिनिधि और एक रहे कोऑपरेटिव सेक्टर के बैंकों का । कोई ज्यादा डायरेक्टर बढ़ाने की आवश्यकता यहां पर महसूस नहीं होती है ।

[जार्ज फर्नेडीज]

उस का कुछ मतलब ही समझ में नहीं आ रहा है। आखिर इन डाइरेक्टर्स को करना क्या है? आपने कानून बना दिया। बैंक तो अपना पैसा देने हैं। मैनेजिंग डायरेक्टर और जो उस का एस्ट्रॉनिगमेंट है, वह रुपया आता है या नहीं आता है, इस की देख रेख करते हैं। जो सुपरवाइजरी स्टाफ है, वह अपना काम करता है। तो यह बोर्ड बना कर करना क्या है? बोर्ड को काम क्या है? 6 वर्षों में बोर्ड का क्या काम रहा? जब कोई बैंक डूब जाती है तो 15 सी से नीचे जितने डिपॉजिटर्स हैं, उन को वह वापस देने की बात थी, अब 1 जनवरी, 1968 से उस को 5 हजार कर दिया है। नीति सरकार बनानी है। यह सरकार के जो प्रतिनिधि हैं यह तो बोर्ड में रहते ही हैं, वह लोग सरकार के कथन के अनुसार नीति बनाते ही हैं। तो जहाँ दो डायरेक्टर हैं वहाँ 5 बना कर, तीन और लोगों को ट्रेडिंग एलाउंस, डेली एलाउंस और अमुक अमुक एलाउंस देने की बात हो तब तो मैं समझ सकता हूँ बरना जहाँ दो डायरेक्टर हैं वहाँ पांच करने की कोई आवश्यकता नहीं दिखाई पड़ती है। दो ही रहें, यह मेरा आग्रह है।

SHRI D. N. PATODIA : I have moved an amendment so as to include one of the directors and as representative of the depositors. This point was raised by me earlier also at the time of the Banking Law (Amendment) Act. At that time, the hon. Finance Minister, Shri Morarji Desai, stated that every person is a depositor and, therefore, there is no separate necessity for a representation. So, I could anticipate the same answer from the hon. Minister now. In anticipation of that answer, I want to say that, at the moment, there are different sections which are being represented as bankers, as industrialists, as representing Reserve Bank, as representing Central Government and so on and so forth. But since this particular organisation is set up for the exclusive interest of the depositors to

look after the safety of their deposits, I do not see any reason why the Government should be reluctant to accept one person as representing depositors' interests. There should be no difficulty in that. I think, it would be in fairness to the demand of the depositors that Government should accept my amendment.

SHRI K. C. PANT : Mr. Chairman, Sir, all the amendments centre round the number of directors to be appointed. The proposal of the Government is that the number of directors should be increased to eight and there should be two persons having knowledge of cooperative banking and cooperative movement and three persons having special knowledge of commercial banking, commerce, industry and finance. The Chairman of the Corporation would be the Governor of the Reserve Bank; there would be another officer from the Reserve Bank and there would be one Government nominee. That is the structure we propose. Shri Lobo Prabhu has objected to this and has said that he is not very happy with the preponderance of Government representation on the Board of Directors. Without being disrespectful, may I point out to him that his arithmetic needs a little bit of polishing up because after the Government amendment, there will be two Reserve Bank nominees, one government nominee and five non-governmental persons; the ratio is three to five even if you include the Reserve Bank nominee as the government nominee. His suggestion is two government nominees in relation to one non-government nominee...

16.25 HRS.

[MR. DEPUTY-SPEAKER *in the Chair.*]

SHRI LOBO PRABHU : I said that they are all government nominees because they are appointed in consultation with the Reserve Bank, that they are their yes-men...

SHRI K. C. PANT : His amendment does not alter the situation. Even after this amendment, those men will be yes-men and it makes no difference so far as yesmanship is concerned...

(Interruptions) My point is that this amendment does not alter that situation. But it does alter the proportion in favour of the Government instead of in favour of the non-government Directors. That can hardly be the intention. It was perhaps without giving due attention to this aspect of the matter that he put forward his amendment. I think, he would be willing to withdraw it.

So far as Mr. Kundu is concerned, he wants an officer who has a special knowledge of insurance. The Reserve Bank wholly owns the Corporation and it appoints in the Corporation officers who can discharge their duties. The Reserve Bank, as the sole owner, is naturally interested in seeing that the Corporation functions well. Therefore, we do not want to specify any qualifications so far as Reserve Bank is concerned. We had not specified it earlier in the Bill and I have had to come with an amendment. Even at present the situation is that one of the non-officials is a man who has specialised knowledge of insurance. I propose to accept the idea that he has put forward that the field of insurance should be represented on the Board and, therefore, I hope, he will withdraw his amendment and will accept the amendment of the Government.

Mr. Fernandes, in keeping with his streaks of originality, has come forward with an amendment which cuts out the Reserve Bank and the Government altogether from the Board. I do not know whether I should take this seriously. I am not saying that I would not take Shri Fernandes seriously, but I cannot take his amendment seriously.

So far as Mr. Patodia is concerned, he has made the point that depositors should be represented and he has also anticipated my answer. I would make only two points. The first is that it is the whole function of the Reserve Bank to protect the interests of the depositors, and in this case the Reserve Bank happens to wholly own this Corporation. Therefore, to think that by introducing a depositors' representative you are in any way going to strengthen the protection of the depositors' inter-

ests is, I think, not correct and I think, he is not understanding the rule that the Reserve Bank is expected to play in this Corporation. It is entirely in order to protect the interests of the depositors that this is so. The second point is that we are not seeking to give representation to certain classes in this. It is not that bankers will be represented or financiers will be represented; we are only giving representation to persons having special knowledge of certain sections of finance or banking; it may be a professor who has a good knowledge of banking; we can put him on the Board. A man who has knowledge of banking need not be a banker. Therefore, it is not necessary to put a depositor on the Board. Without winning the confidence of the depositors, a Corporation cannot function. Therefore, it will be the duty of the Corporation to see that the depositors' interests are fully protected and that will ensure the Corporation's own functioning.

श्री जार्ज करनेन्डोज : उपाध्यक्ष महोदय, मुझे खुलासा करना है। मंत्री महोदय ने ऐसा कहा है कि "कीपिंग विद माई स्ट्रीक आफ ओरिजनैलिटी" में दो ही डायरेक्टर रखना चाहता हूँ और रिजर्व बैंक के सब को हटा देना चाहता हूँ। उपाध्यक्ष महोदय, ओरिजनल स्ट्रीक रखना अच्छा है, बनिस्बत के आदमी अज्ञानी रहे। आप ओरिजनल एक्ट को देखिये :-

"The Board of Directors of the Corporation shall consist of the following, namely :-

- (a) The Government for the time being of the Reserve Bank, who shall be the Chairman of the Board;
- (b) A Deputy Governor of the Reserve Bank nominated by that bank;
- (c) An officer of the Central Government nominated by that Government;
- (d) Two directors nominated by the Central Government in consultation with the Reserve Bank having special knowledge of commercial banking..."

[**जार्ज फरनेन्डीज**]

जहां आप दो को पांच करना चाहते हैं, मैं कहता हूँ कि दो को दो हो रखिये। ओरिजनल स्टीक रखना अच्छा है, बनिस्वत अज्ञानी के।

श्री कृष्ण चन्द्र पंत : जरा आप अपना अमेन्डमेन्ट पढ़िये।

श्री जार्ज फरनेन्डीज : मेरा अमेन्डमेन्ट ठीक है।

SHRI K. C. PANT : Since he has raised the issue, may I point out what his amendment says ?

Amendment No. 31 says :
 "for 'five' substitute 'two'."

The other amendments are as follows :

"for 'three' substitute 'one' "
 "for 'persons' substitute 'a person'."

You just read that...

श्री जार्ज फरनेन्डीज : पढ़िये न, इस को पूरा पढ़ दीजिये। उपाध्यक्ष महोदय, आप इस पर रुलिंग दीजिये, यह मेरा प्वाइन्ट आफ आर्डर है। मंत्री महोदय कह रहे हैं कि मेरी जो तरमीम है—वह सदन को गुमराह करने वाली बात चला रहा है—उस से डिप्टी गवर्नर आफ दी रिजर्व बैंक, सरकार के प्रतिनिधि सब खत्म हो जाते हैं, सिर्फ दो लोग रह जाते हैं—उपाध्यक्ष महोदय, मैं आप से इस पर रुलिंग चाहता हूँ। मेरी अमेन्डमेन्ट यह है—
 पेज 5, लाइन 30—

SHRI K. C. PANT : May I cut this Debate short? This will only take the time of the House. Whatever his amendment is, I am not going to accept it. That should satisfy you.

श्री जार्ज फरनेन्डीज : वह दूसरी बात है। उस समय आप बोलें कि मैं जो कानून है, उस को बदलना चाहता हूँ।

MR. DEPUTY-SPEAKER : He is paying compliments to your originality. That compliment you may take. There is a Government amendment—amend-

ment No. 28, to Clause 5. I will put this to the vote of the House.

The question is :

Page 5, line 36,—

after "banking" insert—"insurance," (28)

The motion was adopted.

MR. DEPUTY-SPEAKER : Shall I put all the other amendments together to the vote of the House ?

SHRI D. N. PATODIA : Kindly put my amendment No. 37 separately to the vote of the House.

MR. DEPUTY-SPEAKER : All right. I will put amendment No. 37 to the vote of the House.

Amendment No. 37 was put and negatived.

MR. DEPUTY-SPEAKER : I shall now put the other amendments to the vote of the House.

Amendments Nos. 11 to 13, 15, 18, 31 to 34 were put and negatived.

MR. DEPUTY-SPEAKER : The question is :

"That Clause 5, as amended, stand part of the Bill."

The motion was adopted.

Clause 5, as amended, was added to the Bill.

MR. DEPUTY-SPEAKER : Now we have to take up another item on the Agenda.

16.34 HRS.

MOTION RE : MODIFICATION TO CIVIL DEFENCE RULES

SHRI K. NARAYANA RAO (Bobbili) : I have a point of order to make, Sir. Shri Srinibas Mishra's motion reads as follows :

"This House resolves that in pursuance of section 20 of the Civil Defence Act, 1968, the following modification be made in the Civil Defence Rules, 1968, published in