

14.38 hrs.

**MOTIONS *Re* : MODIFICATION OF NATIONALISED BANKS (MANAGEMENT AND MISCELLANEOUS PROVISIONS) SCHEME, 1970—*Contd.***

**SHRI MURASOLI MARAN** (Madras South) : We have been pleading for nationalisation of banks from various forums, in our election manifestoes and in this House and in the various National Development Council meetings. We have been eagerly awaiting for the follow-up action. We consider that the nationalisation of banks is the most significant event in the last twenty years in the history of our post-Independent India.

We know that nationalisation will bring in a certain element of over-centralisation, a kind of monolithic remote control and the annexure of one more empire at New Delhi. But because we put social justice first, we wholeheartedly supported the nationalisation scheme. We expected that the States would be given a positive and meaningful role in the management of banks. There are certain banks which have some all-India characteristics like the Punjab National Bank and the Bank of Baroda. We thought that in these banks the States representatives would be there in the regional advisory boards. There are certain banks which have identified themselves with the aspirations and the economic activities of certain geographical regions, such as the Indian Overseas Bank and the Indian Bank. We expected that representation would be given to the States in the management boards of these banks. But we are disappointed to note that no such thing is there. The States are represented only in the regional consultative committees.

What is the function of the consultative committee? It is to review banking development and to make recommendations. To whom are these recommendations made? These recommendations are made for the consideration of the Central Government and the Reserve Bank. Even here, the long

arm of the Central Government is extended in the sense that not more than three persons are to be nominated by the Central Government. How often will the consultative committee meet? It all depends upon the convenience of the Finance Minister, because these committees are to be headed by the Finance Minister, his deputies or his nominees. We think that these regional consultative committees are there just to observe a formality. These committees are worse than the consultative committees of this Parliament. For this, they can very well write to the State Finance Minister or Chief Minister and receive their ideas and opinions. Why such a committee with a high-sounding name which is there in name only? If they are to function properly, we believe that they should be given more powers like the local boards of the SBI. We know at this stage nothing much can be done. But these local boards of the SBI have powers upto Rs. 1 crore and decisions can be taken on the spot. The consultative committees should be vested with similar powers; otherwise, they will not fulfil any function and will not satisfy the aspirations of the States.

In a federal set-up, a continuous free dialogue between States and the economic organisations of the Centre is essential to make concerted progress.

14.42 hrs.

[SHRI VASUDEVAN NAIR *in the Chair*]

We call ours a co-operative federation, but we do not have such a continuous free dialogue between the States and the Centre. Regarding crucial decisions on credit policy, the States have no voice at all. So we would request the hon. Minister to give the States representation in the National Credit Council because they are nearer to the people. Delhi is distant not only for the common man in Kashmir or Madras but also for the common man of Delhi—I do not mean the physical distance but the psychological distance. The States being nearer to the people and feel the brunt of the problem, they can gauge their aspirations much better and make them felt in the policy-making body.

We do remember the words of the Prime Minister when she said that the individual identities of the 14 banks will be maintained. We would reiterate that the regional character of these banks should not be submerged. The decision-making apparatus should not be shifted from Madras or Udipi or Mangalore to Bombay or Delhi ; it should remain where the regional banks are.

If we go into the question of how individualistic these individual banks are, we begin to have some doubts, because the individuality of these banks is now a myth because their ownership is all now vested with the Central Government. Naturally, the question arises : why we should have 14 boards, 14 Chairmen and 210 directors, at an enormous expense ? I entirely agree with Dr. Hazari, Dy. Governor of the Reserve Bank, when he said that he was against a giant banking complex like the LIC,

What is the task before us ? One of the aims of nationalisation was to provide finance for development there by help remove regional imbalance and backwardness. We can think on the lines of mergers and amalgamations just as they have four local zones for the Reserve Bank of India. Already we have embarked on this idea by having regional consultative committees. The country has been divided for this purpose into five zones, south, north, east, west and centre. We can extend it further and form a regional bank, e.g. we can merge the Indian Overseas Bank, the Indian Bank and the Syndicate Bank to form a Southern Regional Bank. The Banking Commission is not going into this problem because it is not within their terms of reference. Nationalisation was not thought of when the Commission was appointed. The Chairman has also announced it. So, I think this should be given deeper consideration.

Then comes the idea of giving representation to the workmen, which is a laudable idea, but it is translated into action in a half-hearted manner. How is the worker given representation in the Board of Management ? There is the process of verification which is cumbersome, laborious and time-consuming. I read carefully the speech of Mr. Chavan in the other House regarding

this scheme. In the Rajya Sabha he said :

"Here it is not a question of giving any representation to the individual worker. What we have accepted here is representation of the workers and employees as a class."

This is a laudable provision, but where is the provision ? If he really wants to give representation to the workers as a class, he should very well take the idea of the representative union. Why this verification, this time-consuming process ? This long drawn out, cumbersome process of verification will take not six weeks as contemplated, but six months. That is our view. The scheme says :

"Provided that where the Central Government is of opinion that owing to the delay which is likely to occur in this verification..."

So, they also contemplate that there will be delay. So, it is our intention that a built-in mechanism to generate delay is provided for in this scheme. If there is delay, what will the Government do ? They will directly appoint any workmen, in the sense that ultimately they will appoint some yes-men or flunkies to the Board.

Let us assume that this is the best available method at present. Then, why not the same method be adopted in the case of employees other than workmen ? According to the scheme, they will be appointed directly without consulting the employees other than workmen. So, all the P.As. of the present Custodians can be appointed, nobody can prevent it.

The hon. Minister, Mr. Chavan, said in the Rajya Sabha :

"That is the only way where by we can secure the representation of the workers and the employees in the banks, so that the functioning of the democratic set-up of the banks can go on freely."

Is appointing persons without the consent of those concerned the democratic method ? Is it democratic set up ? No, we consider it democratic upset. What is wrong in having

[Shri Murasoli Maran]

election by secret ballot? The hon. Minister, Mr. Chavan, said in the Rajya Sabha :

"Firstly there should be a national operation (election). Secondly, there should be an impartial election machinery."

Even this verification is a national operation. The First Schedule in the scheme contains seven pages. Here, the services of the Chief Labour Commissioner, the regional Labour Commissioner and Verification Officers are involved. If elections require an impartial authority, cannot these Chief Labour Commissioner, Regional Labour Commissioner and other officers conduct the election impartially?

Finally, our Minister says :

"The entire thing will be politicalised."

What is not politicalised in our national life? Everything is politicalised. Many of the unions have political backing. So, we are against this type of election. Let him ask the representative union to supply one person. But they are adopting dual methods, one method for the workman and another method for employees other than workman. We want uniformity. This marathon verification process should go. This reminds us of the old diarchy system of the British says. Even the National Labour Commission, headed by Dr. Gajendragadkar, could not come to a conclusion regarding verification and election by secret ballot. After the analysis of the pros and cons, they simply said that the Industrial Relations Commission proposed by them should go into the problem. In an area which such a Commission hesitated to enter, these people are in a hurry and have identified themselves with the laborious process of verification. So, I request the Minister not to adopt dual methods of election.

Then, I would like to say something about the top-heavy salaries prevalent in those 14 nationalised banks. Today, these custodians, the future Chairmen or Managing Directors, are the highest paid officials in the Government of India, I think there is a rule which says that the salary of any Government servant should not be more than the salary of an ICS Secretary, that is, Rs. 4,000 per month. But the Punjab

National Bank custodian gets Rs. 6,000 a month. I think the salary and perquisites of the Indian Overseas Bank custodian come to more than Rs. 6,500 a month. Besides these, they have a free car, free house and an entertainment allowance to the extent of Rs. 200 to Rs. 500 per month. But, at the same time, the Governor of the Reserve Bank of India, who is a superior officer, gets a salary of only Rs. 4,500 a month, and the Chairman of the State Bank of India gets only Rs. 4,000 a month. These custodians look like new princes and what they are getting is not salary; it looks like the privy purse.

Sometimes, the general managers who are in the top hierarchy get more than the custodians get. This problem should also be gone into.

Another thing is this. In the Indian Overseas Bank, Daryaganj, Delhi, the Chief Cashier gets Rs. 1,090, but the Agent himself gets only Rs. 900. This anomaly should also be looked into.

I would then like to bring to the attention of the Minister the need for interchange of executives. We read in the newspapers that when one custodian was informed that he would be transferred or that his services would be terminated, he refused, and the Government also yielded. So, unless you give effect to interchange of executives, vested interests will be created in the banking system. There should, therefore, be transfers and interchange of executives.

Then, I would like to bring to the notice of the Minister the Deposit Insurance Corporation which we created in 1963. It is now an anachronism. About 85 per cent of bank deposits are with the Government, and nine to 10 per cent lies with the strong foreign banks. Why should we keep this white elephant at the expense of Rs. 2.5 crores per year? We are paying Rs. 2.5 crores as premium. I think this white elephant can be put an end to.

We have been proclaiming that the public sector—

MR. CHAIRMAN : This is not a general discussion of the whole question of banking and insurance.

**SHRI MURASOLI MARAN :** Just one minute. We have been proclaiming that public sector undertakings should strive to create in the minds of the employees a sense of partnership and belonging in the enterprise. But what is happening is, you have put men born and bred up in the imperial banking ways at the helm of affairs. The idea of social justice and respect for fellow-workmen is an anathema to them. When the Indian Overseas Bank employees went on strike during the month of May, the management in Madras refused to meet me. I had a ready-made solution. I had a conference with the workers, but the management refused to meet me to solve the dispute. Can you imagine such a thing happening in the private sector? Because you have put men of the Imperial Bank attitude at the helm affairs, the public sector undertakings are incurring disrepute.

**SHRI LOBO PRABHU (Udipi) :** No public sector.

**SHRI MURASOLI MARAN :** We want to put men of proven ability; we know about it, but they should have some faith in the public sector philosophy. I think the Minister should consider this problem.

Then, charges of corruption have been made in this House against executives. Corruption is rampant not only after nationalisation but even before that. I think you should create a system wherein the executive of the banks should render an account of their assets and liabilities and other things to the Finance Ministry every year. I think that unless we have that system, charges of corruption will not end.

**श्री मधु लिमये (मुंगेर) :** सभापति महोदय, मेरा प्वाइन्ट आफ आर्डर है रूल 369 की तहत। सवेरे मैंने एक दस्तावेज से उद्धरण दिया था। वह दस्तावेज मैं आपकी आज्ञा से सदन की टेबल पर रखना चाहता हूँ। वह ब्रह्मानन्द रेड्डी, चंचुरामा नायडू, कृष्णमूर्ति नायडू, विजय भास्कर रेड्डी और थिम्भा रेड्डी के बारे में है जिसको मैं यहाँ रखना चाहता हूँ।

**SHRI K. NARAYANA RAO (Bobbili) :** This matter has been brought up in this

House and the Chair refused to discuss anything like that.

SEVERAL HON. MEMBERS *rose*—

• **MR. CHAIRMAN :** My request is that the Chair should be left alone to deal with the matter.

**SHRI K. NARAYANA RAO :** I was going to assist you.

**MR. CHAIRMAN :** I will ask for the assistance if necessary

**श्री मधु लिमये :** मैं भाषण नहीं कर रहा हूँ। दस्तावेज टेबल पर रखना चाहता हूँ। मैं आपको आपकी आज्ञा से रखना चाहता हूँ। मैंने कल ही स्पीकर को उसकी कापी दे दी है। इसलिए मैं आपको यहाँ रखना चाहता हूँ कि सवेरे मैंने उससे उद्धरण दिये थे। आप रूल 369 देखिए।

**MR. CHAIRMAN :** I am sorry, I cannot admit anything at this stage. We are now discussing a different subject.

**SHRI MADHU LIMAYE *rose***—

**MR. CHAIRMAN :** No please. I cannot accept it at this stage. We are discussing an entirely different matter. You cannot just push in something which has no relation to what we are discussing. I am sorry.

**MR. CHAIRMAN :** Shri Salve.

**SHRI S. KUNDU (Balasore) :** I find that there is some sort of new procedure in calling names. Yesterday four speakers were called and even though my name was there it was skipped over and the next speaker was called. Today I find it is on party basis.

**MR. CHAIRMAN :** I can assure you that you will be called.

**SHRI S. KUNDU :** But it should not be very late in the evening.

**SHRI SHIV CHANDRA JHA** (Madhubani) : Yesterday we were told that the order will be : one mover, one speaker.

**MR. CHAIRMAN** : My difficulty is that I did not hear that kind of ruling yesterday when it was given. Here I have got a list of names which includes the list of names of movers also. I think most of them will be accommodated.

**AN HON. MEMBER** : All.

**MR. CHAIRMAN** : I said "most". I do not know whether all could be accommodated. While I cannot give any personal assurance. I may say that most of the members who are movers will be accommodated. Shri Kundu will in any case be accommodated because he is both a mover and also a representative of a party.

**SHRI KAMALNAYAN BAJAJ** (Wardha) : Yesterday my name was at the top and I was about to be called. In the mean while, the next discussion was taken up. Now I find so many other members are speaking.

**MR. CHAIRMAN** : Your chance will not go by default. Now Shri Salve.

**SHRI N. K. P. SALVE** (Betul) : Mr. Chairman, the nationalisation of the fourteen top banks in the country undoubtedly unfolded a new chapter in the political history of our country. But, more important than that, this nationalisation of the banks ushered the dawn of a new era where branches and projects of the economic growth for the people of the country came to be inseparably and firmly associated with the objective of social justice. The framers of the Constitution, as you are aware, in their wisdom have envisaged an Indian society based entirely on the egalitarian principle. If one were to study the Directive Principles one would see that they are suffused entirely with the spirit of an equalitarian society. We should have marched towards the establishment of such an equalitarian society, but the two decades that followed independence, unfortunately, brought considerable disillusionment to the people. The gap between the rich and the poor, far from being bridged ....

**SHRI LOBO PRABHU** : What is this lecture on the theory of banking ?

**SHRI N. K. P. SALVE** : This has a direct nexus with the scheme. I am only building up the background. The question of relevancy should be left to me. The question is this. If ultimately the gap between the rich and the poor is not to be bridged with the help of this scheme, what is the use of this scheme ? That is why it is necessary for me to dwell on this aspect of the matter. Disparities in opportunities, disparities in wealth, disparities even in power have become more glaring and they have become more enduring.

15.00 hrs.

Therefore, when this enactment was made, it received mass enthusiastic support barring opposition by a section of the House—I do take cognisance of a section of the House—for two basic reasons. The first of the two reasons; I consider, was that this enactment became symbolic of the victory of the common man over the vested interest and the second reason was that it marked a very significant, radical and progressive step in the realm of mercantile law of the country for the economic emancipation of the neglected section of Indian society.

Indian banking in the post-independence period has been extremely far from satisfactory in the sense that it adopted an attitude of a person who was purely interested in the safety of investments and earning of some profits and monies out of those investments. It was, in fact, neither growth nor development oriented. The attitude of catering only to the vested interest had been taken to a point of addiction, to the point of a fault. Therefore when these radical changes were brought about as a result of nationalisation, it was expected that the whole attitude of the people, who are going to run banking in the country, at least in the nationalised banks, would change and it would bring about a considerable and revolutionary change in the entire working of the entire banking system of the country.

The first necessity in this direction was to ensure that the banking business, whether done by the Government or by the private parties, was of a nature which required

giving of extremely personalised service. In this context it was necessary to maintain the highest standards of efficiency.

\*The attitude of the people who are in charge of banking today has definitely shown some change so far as accommodation of the weaker section of the society is concerned. There are clear instances where monies are being advanced more liberally to farmers, rickshawwallahs and to weaker sections which were so far completely neglected. That is what is being done; you have to accept it.

SHRI PILOO MODY (Godhra) : And to parliamentarians too.

SHRI N. K. P. SALVE : Parliamentarians were getting it earlier also and are also getting now. There is no doubt about it. There are, of course, signs that the neglected sections are not being reached as well as they ought to be reached.

The scheme which has been brought primarily deals with the composition and constitution of the board of directors. It also deals with the composition and constitution of certain other committees. It contemplates, I have no doubt in my mind, a certain procedure of democratisation of banks. To the best of the ability that one can care has been taken to ensure that the expertise which is needed to run the banks is not jeopardised.

It is, however, necessary for me to mention at this juncture that while I welcome in principle the principle enunciated in the scheme of taking two persons from wage-earners—one from labour and one from employees—on the board of directors, there are certain basic problems which will have to be considered. Certain difficulties will emerge which will have to be duly taken care of.

There is an alarming deterioration in the efficiency of banks. It is a very unfortunate facet of banking today that the employees—when I refer to employees, I mean the chaprassi, the clerk at the counter, the cashbook writer, the ledger writer—are not doing their best to make this nationalisation a great success; they are a little

oblivious of their obligation which is inevitable under the scheme of nationalisation.

The representative of employees who will be taken from the representative union by itself will be an extremely great headache. I agree with the hon. Member of the DMK who pointed out several difficulties which will emerge ultimately when the Finance Ministry has to nominate one out of the panel of the representative union to be on the board of directors. In fact, the trade union movement all over is in an obnoxious state of affairs.

SHRI LOBO PRABHU : \*Hear, hear ; never a truer word !

SHRI N. K. P. SALVE : The difficulty with my hon. friends in the Swatantra is that they completely tear one sentence out of context and say, "Hear, hear".

SHRI LOBO PRABHU : Never a truer word !

SHRI N. K. P. SALVE : This has to be conceded very unfortunately that the leaders of the trade union movement—it is my personal experience—are as great enemies of the employees and the labourers today as the vested interest.

That fact has to be clearly understood.

SHRI S. KUNDU : This is an allegation. He has to take prior permission.

SHRI N. K. P. SALVE : Therefore, this problem is going to create tremendous difficulties—I will not be surprised if there are going to be outright murders of kidnappings. But the question is, once it is accepted in principle that a representative of the labour is going to be taken, some method has to be adopted. It is a question like this as to whether it is desirable to die by hanging or by drowning. I heard my hon. friend from the D. M. K. party on this. What is the way out? Is there any other way? Any other method of taking a representative of labour is going to be as cumbersome, as onerous, as this very method as long as the basic approach of the trade union leaders is what it is. I most regretfully submit that while ostensibly they are

[Shri N. K. P. Salve]

talking of the emancipation and the interest of the labour, all that they are interested in is their personal emancipation. This is true of the labour leaders as much of the vested interests. This is my most regretful and most unfortunate comment that I have to make. I really wish the state of affairs were different. But I do hope that there is some possibility of improvement. It shall improve some day if things went on properly and the scheme contemplated for nominating one of the representatives from the panel will be found to be fairly workable.

" Sir, I cannot complete my speech on this without making a reference to one aspect of the matter. Something was referred to by my hon. friend from the D. M. K. party about the large salaries being given to the Custodians, Rs. 6000 etc. It certainly reminds one of privy purses that are being given. This facet of privy purses in the banking institutions comes down right from the top to the bottom. Even a driver, a peon, as one of the local Managers of the United Commercial Bank told me, gets Rs. 640. I have no objection to their being paid very large sums. I have not the least objection.....

**SHRI S. KUNDU :** With all respect to my good friend Mr. Salve, I may tell him that a driver gets Rs. 150 or Rs. 160 and the rest is dearness allowance and other allowances. And he calls it a privy purse.

**SHRI S. S. KOTHARI (Mandsaur) :** If a driver gets Rs. 600. I will be happy. This is socialism.

**SHRI N. K. P. SALVE :** Sir, Rs. 640 to a driver is wholly justified. But what is wholly unjustified is the attitude shown by these people, at that strata, towards their responsibility to the institution of banking. I am giving you an instance which will be an eye-opener. I do not mind paying them more. You distribute the entire profits of the banks in between the employees of the banks. But the employees have also to be told that to make the nationalised banks a success is the responsibility of not merely of Mr. Shukla or Mr. Ganesh or Mr. Chavan or anyone else but also the

responsibility of all those who are working in the banks.

**श्री जार्ज फर्नेंडीज (बम्बई-दक्षिण) :**  
एम्प्लॉयीज पार्टिसिपेशन कहाँ है ? सब नौकर-शाही है ।

**श्री नरेन्द्र कुमार सल्वे :** अगर नौकरशाही चलेगी तो कभी हम उन कामों को नहीं कर पायेंगे जिन को हम करना चाहते हैं ।

I hope there is no bureaucratisation in this type of institution. I am entirely with my hon. friend Shri George Fernandes that bureaucrats are no good to run this as they are no good elsewhere, I have no doubt in my mind.

Sir, I was coming on the question of large payments to the employees which I say is justified. What is wholly unjustified is the callous and negligent attitude which does not befit the employees of a nationalised institution. Let me give you an instance. A client happened to enter for encashment of his cheque in the United Commercial Bank. He was slightly inconvenienced and he went and complained to some persons at the counter. And came back the reply, "Do you think this is the only Bank nationalised ? Why don't you go to the next door Bank, the Punjab National Bank which is also nationalised ?" That gentlemen complained to me with all bitterness about the employees who should be selflessly dedicated to work.

This is the state of affairs. Mr. Kundu, if this is the state of affairs, you take cognizance of it. (*Interruptions*) I am not generalising. I do expect some day .....

**SHRI S. M. BANERJEE (Kanpur) :** He is talking just like..... Alice in Wonderland.

**SHRI LOBO PRABHU :** This is a new era bank.

**SHRI PILOO MODY :** I suggest that you in future Mr. Salve gets his speech approved by Mr. Banerjee first.

**SHRI N. K. P. SALVE :** The difficulty is that if you talk of realities, it does not appeal to one's sense. It becomes a fiction and it becomes a story of Alice in Wonderland. Sometimes it is to my friend here and sometimes it is to my friend there.

I would not take my instructions either from Mr. Banerjee or from Mr. Piloo Mody. I am capable of speaking on my own.

**SHRI S. M. BANERJEE :** Sir, the Speaker this morning said that without giving notice, nothing should be mentioned like that He is mentioning all this. It is very bad.

**SHRI RANDHIR SINGH (Rohtak) :** I agree with Mr. Banerjee.

**MR. CHAISMAN :** My problem is that there is very little time. Kindly conclude.

**SHRI PILCO MODY :** You ask him to sit down. It is not necessary that he finishes his speech at all.

**SHRI N. K. P. SALVE :** I submit in all humility that it is of utmost importance to ensure ruthless efficiency in these nationalised banks. Unless we work, all of us, for the ruthless efficiency, it is more than likely that all this eulogised institution of nationalisation<sup>2</sup> will some day be mocked at by the historians.

The overall scheme as it has been formulated does not specify the various categories of experts from which the Government is going to draw. It is a much broader category from which the Government is going to draw. The only suggestion I am going to make is that while the Minister replies, he will in his reply kindly take care to assure the House and to specify the experts categories from which he will be drawing .....

**SHRI PILOO MODY :** From Architects.

**SHRI N. K. P. SALVE :** ..... into the Boards of Directors of the Banks. That would help strengthen the efficient functioning of the banks.

**SHRI S. KUNDU :** When these 14 banks were nationalised, we were really happy that within the sphere of nationalisation as it was then, even though our demand to nationalise other Scheduled Banks as also foreign banks was not agreed to, it would open a new era as was said by Mr. Salve. At least we thought it would give a lot of help to the poor and weaker sections of the community.

It would be a complete lie to deny that the poorer sections of the community—small scale industry, and agriculturists..... have not got the benefit. But the question is: as we come to consider the scheme, whether the main objectives for which these banks were nationalised have been fulfilled and whether these main objectives could be fulfilled through this scheme. The scheme is a very important one. This is the machinery through which the entire objectives of nationalisation of banks have to be implemented.

What are the two main objectives when the banks were nationalised? One objective was that the resources of banks will be diversified so as to ensure that weaker sections of the people get assistance. The second objective which is the most important was that by opening a large number of branches, there will be a war on mobilisation of resources .....

**SHRI PILOO MODY :** There is one more reason for nationalisation of banks.

**SHRI S. KUNDU :** You are the fourth one.

**SHRI PILOO MODY :** There is one more reason for nationalising banks. Can I add, Sir?

**MR. CHAIRMAN :** No, please.

**SHRI PILOO MODY :** That is to brrnish the irrage of the Prime Minister.

**MR. CHAIRMAN :** No please. That is not part of his speech.

**SHRI S. KUNDU :** I will try to review the scheme from these two objectives. I would like to know from the Minister

[Shri S. Kundu]

whether, though it is true that some money has gone to the small farmers, small-scale industries, small shop-keepers and transport-owners, it is true and has he taken care to find out whether it has gone to the people who are really small and how small are they? I challenge the Minister to say that the really deserving people have got the benefit.

Last time, when I participated in the debate on the nationalisation of banks, I cited certain examples. I will show how the weaker sections of the people are not getting assistance. I will draw the attention of the hon. House and the Minister to a reply given in Parliament in Unstarred Question No. 1662 dated 20th November, 1970. The Union Bank of India opened branches on 22.9.69 in Jalasore and Balasore. The reply given is as follows: Small shop-keeper, number of accounts, 1; Agriculturists, nil. In Jaleswar it is nil so far as agriculturists and small industries are concerned. No small agriculturists or owners of smallscale industries have got assistance for the past one year. The amount given to the traders increased from Rs. 87 lakhs to Rs. 286 lakhs that is, 2.86 crores. This is the situation. The poor peasants wanted Rs. 1,000 each for their bullocks but they were not given that amount on the pretext that the villages are situated at a distance of 36 or 37 miles. They have to go from pillar to post. They were again denied these because it does not come within a composite scheme. This is the situation.

While poor agriculturists are not getting the money, the rich industrialists and rich traders are getting it. I would like the Minister to make an enquiry whether the money has gone to really deserving persons or whether in the name of the poor and weaker section of people rich and affluent peasants are getting the advantage.

Regarding mobilisation of resources, it has not been upto the expectations. The rate of growth of mobilisation of resources, that is, of deposits, was 16 per cent about one or two years back. It has now come to 11.5 per cent. Why? What is the reason? Though there has been a small

increase in the deposits—it has increased from Rs. 441 crores to Rs. 486 crores—why should the rate of growth of deposits go down? Unless we ensure that the rate of growth is maintained, the entire money that is invested in the banks will go a waste.

Due to the imperialist and monarchical attitude and behaviour of some officers of these banks the poor peasants are not getting the benefit. These were in the hands of private persons and they cannot change their attitude by a stroke of pen and only by transfer of authority. They say that the necessary forms are not available. The poor peasants and the poor people are not getting the forms. The officers cannot take decisions to disburse their accumulated forms. The poor peasants are not received well and treated well. The officers are not aware of the rules. These points should be looked into. There are no proper plans for mobilisation of resources.

I understand, Government have a plan of opening 10,000 new offices of branches by 1974-75. Government should take up a 'crash programme' of opening about 50,000 branches throughout the country. It will give employment to 2.5 lakhs of people because each such bank will give employment to about 4 to 6 persons. Secondly, it will help to mobilise the resources from the rural sector. You know, there are some post offices which are known as branch post offices which work for a few hours every day. The Minister may consider the opening of a small branch of rural banks in every village where there is a population of one thousand persons. This will also curb the illegal money-lending activities of the *sahukars*. You do not know how the *sahukars* are sucking the blood of the poor people. They charge interest rates of the order of 100 and 200 per cent. In my part of Orissa, they call it as *biswasi kiblas*. Out of confidence, the sale deed is done, and after the sale deed is made, if the person feels like returning the amount, he returns it, or else the other man acquires the entire property just for a few chips of money. This sort of dishonest and blood-sucking tendency of the *sahukars* could only be curbed by introducing the rural banking system which will give employment to the people and

will mobilise the resources from the many affluent peasants who have come up during the last 23 years.

As regards the scheme proper, I have tabled some amendments. In one of them, I have suggested that there should be election by ballot. Instead of one member, I have suggested that there should be two. I have also suggested the way how it could be done. I have said that the recognised union and also the registered union which have a minimum of 10 per cent membership could also nominate at least two members, and as for these two members, the selection can be made by a secret ballot held all over the branches. I am told that in the other House Shri Y. B. Chavan has said that this will virtually become a general election. I think Shri Y. B. Chavan knows that in the election to the university senates by registered graduates, it is done by ballot, and that is not a general election, even though they are spread over different parts of the country and different parts of the State. A similar thing could be done here also, because that will ensure real participation by the workers.

How could the two great tasks which have been assigned to these new banks be done by 15 directors, when only one of them would represent the workers and the other 14 would be directly or indirectly appointed by the Central Government from among bureaucrats with or without the permission of the Reserve Bank? It is impossible to achieve the objectives with the present system of directorship.

Regarding the regional committee, it is something fantastic which we are seeing. I do not know how it did not strike the hon. Minister at all. The regional committee may comprise representatives from four or five States in the region. I have suggested that at least one MLA and MP from each State should be taken on that committee. After all, we are the people who come directly in contact with the people. After all, this committee is of an advisory character, and if even there we cannot be represented, again it would become a bureaucrat-ridden body. Therefore, I would appeal to the hon. Minister to look into the matter with sympathy.

SHRI S. S. KOTHARI : No politician should be taken on the board.

SHRI S. KUNDU : I am not speaking of the board of management but of the advisory body.

Now, I come to another important point which has been so ably put forward by my hon. friend Shri Murasoli Maran. He said that some of the bank directors were enjoying perquisites, allowances and salaries which came to more than Rs. 2 lakhs per year. I do not know if that is true, and if it is true, I do not know what Government have been doing about it.

SHRI LOBO PRABHU : Nationalisation.

SHRI S. KUNDU : My hon. friend has had his say already, and let me have my say now.

SHRI PILOO MODY : I have not had my say yet about hon. Ministers make Rs. 4½ lakhs.

SHRI S. KUNDU : If the Ministers make Rs. 4½ lakhs, we shall support him. Let him also please support us in this. I would suggest that the salary should be limited to Rs. 2500 p.m. including allowances and perquisites. Nobody should get more than the chairman of the Reserve Bank. It looks nauseating and it looks bad. There is also a provision that the director who is there from the Government side would remain at the will of the Central Government and his term is not going to be terminated till Government decide that he should quit. In one of my amendments, I have suggested that his term also should not be more than three years.

There is also another important wing, namely the officers like agents, junior agents and others who are not strictly speaking workers, but who have a case to put forward, and I would suggest that one of them should also be elected by the officers' association to serve on the board of management. In this connection, I had recently written a letter also to the Finance Minister. There are two recognised unions in the banking industry. I have every sympathy for the

[Shri S. Kundu]

All India Bank Employees' Union. At the same time, within these fourteen nationalised banks, a trade union has been formed known as the National Union of Bank Employees. They claim to have a majority in these 14 banks. So they should also be recognised and called in. I have written a letter in this connection.

When this Bill was under discussion here, an assurance was given by the then Minister in charge, Shri Govinda Menon, that the headquarters of these 14 banks would be distributed among 14 States. No step has so far been taken in pursuance of this assurance. The headquarters are all concentrated in big cities. Assam has one bank for 1,96,000 people, Nagaland one bank for 2,10,000 people, Jammu and Kashmir one office for 4,23,000, Orissa one office for 2,50,000. This creates a great disparity. If they want to bridge the gulf between the rich and poor States, they should not only implement the scheme of lead banks but also see that the lead banks become effective instruments in mobilising the savings of the people. You have to go to the people and tackle them in the proper way. You have to create that necessary infra-structure with the human agency to establish contact with the people in the villages and see that the facilities afforded by the banks are made available to all the people.

MR. CHAIRMAN : We have a large number of speakers and hardly 30 minutes. So I would request members to be very brief.

SHRI KAMALNAYAN BAJAJ : My party is the main recognised Opposition. I do not grudge the time given to other smaller parties, but you will have to give consideration to the fact that the main Opposition should be given its due time.

MR. CHAIRMAN : In this debate, we were adopting a different kind of procedure.

SHRI KAMALNAYAN BAJAJ : You can extend the time.

SHRI SHIVA CHANDRA JHA : You say there is insufficient time. Speakers who

have already spoken have taken their own time. Why this restriction in regard to other speakers? They should not be made to suffer. We cannot make our speeches in two, three or five minutes.

MR. CHAIRMAN : The Chair has been ringing the bell in their case.

SHRI LOBO PRABHU : I suggest you follow the order paper.

SHRI KAMALNAYAN BAJAJ : Shri S.M. Banerjee said that the Bank deposits are public money. I would rather say that it is the public's money which is deposited in the banks. Wherever there is idle money not employed for productive purposes, the banks should mop it up and make it into money which goes for production adding to the wealth of the nation. If this is done most efficiently by banks, it will be doing a good service. The deposits of the public with the banks are held in trust. Whenever they advance money, their first duty is to see to the security and safety of the loan, because the money does not belong to the Government but to the people. So investment has to be done with that safety factor kept in mind.

Shri Banerjee was saying that money has been advanced to some industries, and these industries belong to some private firms etc. I have no apology for that. If these industries are not desired, Parliament can take any action. If these industries are given licences to produce things which the nation wants, then it is the duty of the Government or the banks to give reasonable finances for their working. If that is not desired, then why give licences for manufacturing these products in the country?

It is desirable that agricultural production should increase. If agriculture does not prosper, industry or trade will also suffer. That is the primary objective. There is no doubt about it, and for that purpose whatever assistance can be given to the agriculturists should be given. But when the poor, innocent villager goes to the Bank to deposit his money, his money is taken and the clerks there ask him to come after 15 days and collect his papers. That deposit is not entered in the banks. I have heard of such cases. Similarly, for withdrawal

a receipt is taken from him and he is asked to come after seven days for the money, but the money is never paid. Maybe such cases are few today, but they are likely to increase because village touts are coming into existence and in collaboration with the people in the banks, they are exploiting the situation. Even when advances are given, a certain percentage is deducted and only the remaining amount is given to them. They are even mis-informed that they need not repay the whole amount or that they need not repay at all. These are some of the things which are happening. It is happening because the rate of growth of branches has been too fast.

It is technical expertise and knowledge which is required for manning the branches. I would like that branches should be opened as fast as possible but without disregard to train staff. Otherwise, I think we will be landing ourselves and the nationalised banks into great disrepute and the country will have to suffer a great deal. So far it has not injured the industry for the simple reason that the second or third man in a branch was put in charge of a new branch and in his place another man was recruited in the existing branches. But the rate of growth of the branches has to be carefully watched. Already, customer service has deteriorated because the untrained staff do not know how to deal with the customers. Also efficiency has gone down and corruption and indiscipline have increased. It is not only because untrained people have come in but because proper link is not established with the head office. If they become loose in the banking system, corruption will increase. It is for all these reasons that the training of the staff should be the foremost consideration before we increase our branches.

The overall growth of deposits has been 16 to 17 per cent, but the growth of deposits in the 2,000 new branches is very little and all the expenditure and cost of these offices has to be borne by the other branches. Ultimately, the cost of managing the banks will increase considerably. So, this point of view has also to be considered before we spread the branches. Efficiency and other factors have to be looked after.

When the banks were nationalised, it has been said that their individual characteristics and independence would be maintained. That assurance was given to the House. But as the amending Bill has come and when we see the practice which is obtaining, the authority of the Reserve Bank is diminishing and is going down considerably. The Finance Minister and the Finance Ministry are having so much influence that it is almost becoming a branch of the Finance Ministry. I cite instances from the amendments which have been proposed. The Chairman will be appointed by the Central Government after consultation with the Reserve Bank. They will consult the Reserve Bank, which means that the Reserve Bank will not have much voice. Even the Board of Directors will not be consulted. They will not be even asked. The Chairman has to function through the Board of Directors. The previous practice was that the Reserve Bank had the authority for the appointment, or nomination, of the Chairman. They always consulted the Board and they were guided by their advice. If the advice was very wrong, then alone they exercised their prerogative and so on and so forth. But here, the Board of Directors will not be consulted at all. The nomination of the Chairman will be done by the Finance Ministry. They would consult the Reserve Bank.

Then the managing director will be appointed without the consultation of either the Chairman of the Board of Directors, and that will be done not by the Reserve Bank but by the Finance Ministry. I would humbly ask why the Finance Ministry is coming into it at all. The Reserve Bank was doing its function fairly well, and the authority of the Reserve Bank should be increased, and the Finance Ministry should go out of the picture completely. This authority should be given to the Reserve Bank.

MR. CHAIRMAN : The hon. Member's time is up.

SHRI KAMALNAYAN BAJAJ : I have not taken even half as much time as the others have taken.

MR. CHAIRMAN : But there is another speaker yet.

**SHRI KAMALNAYAN BAJAJ** : I was concerned with the banks. I was the Chairman of one of the big banks. So I know many things. Now, whole-time directors will be appointed. Those whole-time directors will not be appointed in consultation with the managing director under whom he will be working. Under the circumstances, if different elements are looked together, then the homogeneity of the board of directors will not be there, and the functioning will become very difficult.

Then the worker-directors should always be there. I always appreciate that, but I would request that for the worker-directors, when they are appointed, consideration should be given to the following aspect. If they are able to give advice and manage the banks, then the political influence in the unions should be ousted. If the foreign influence also comes in with the workers in the bank, then they will be obliged to see to the interest of the political unions. So long as that political influence is there, among the workers, I would request that the Government will give proper thought to this aspect before the worker-directors are appointed. I am all for the worker-directors to be there. I have no objection to it, but the political influence should not come in.

When the branches of the State Bank were opened in the rural areas, they were given a subsidy. But the nationalised banks are given a stepmotherly treatment. They are not given any subsidy, and are compelled to open branches because probably they are not considered good enough. I request that whatever subsidy is given to the State Bank, it should be given to all the nationalised banks. Otherwise, they should stop giving the subsidies to the State Bank. The State Bank is given preference in the deposit of government money, either Central or State. Now that all the major banks are nationalised this differentiation should go. Since the identity and character of each separate bank has no meaning, I agree with some of the speakers that there should not be fourteen banks but only one bank by the amalgamation of all of them.

If the original counterparts of the fourteen national banks which have been nationalised want to do banking business,

will the government permit them to do it in the interest of healthy competition? They have got expertise, knowledge and experience. If they want to function in the banking business, will the government permit them? I also want to know whether any of the original banks have applied for permission to do banking business and, if so, what is the reaction of the government?

Coming to deposits, when the banks take deposit from the people they give them some rate of interest, which is good enough. But that rate of interest should have some relation to the rate of interest on advances. During the last one year or so the rate of interest on bank advances has gone up to as much as 12 per cent. Prior to nationalisation the banks were never permitted to charge more than ten per cent. So, the rate has gone up by two per cent from the time when they were socially controlled. This increase in bank rate adds to the cost of production in the industry. All those industries which use bank advance at a higher rate will necessarily have to put up the prices of their products. So, this will have to be kept in mind when the rate of interest on bank advances is fixed.

It is good to have experts in various fields in the Board of Directors. Experts in agriculture, audit and economics are capable men in their own fields but they have no experience on the managing or running of Banks. Individually they cannot exercise their judgment in regard to proposals which are in front of them. If there is a Board of Directors which has representatives of experts in different lines it can take a collective decision. Supposing crores of rupees have to be advanced to the sugar, jute or textile industry or other crops in the different regions, then the Board of Directors should have intimate knowledge of what is going to happen to those industries. That knowledge comes only out of practical experience of trade and industry. If the benefit of that advice is deprived to the Board of Directors, it will give advances wherever it is not necessary and refuse advances where it is necessary. In that way there will be imbalance and advance will not be given properly.

So, I would submit in the end that these rules should not be approved in such a great

hurry because there are many difficulties from which banking is suffering.

**श्री रणधीर सिंह :** सभापति महोदय, बैंक नेशनलाइजेशन की जो स्कीम है उसके ऊपर लगातार दो तीन रोज से बहस हो रही है। मैं सिर्फ इतनी बात कहना चाहूंगा कि :

बहुत शौर मुनते थे पहलू में दिल का,  
जो काटा तो एक कतरये खून निकला।

यह नहीं है कि मैं कोई इसकी नुक्ताचीनी करना चाहता हूँ। आजादी के बाद जो सबसे बड़ा मेजर पास हुआ जिससे लोगों को सबसे ज्यादा उम्मीदें बंधीं, वह यही मेजर था। बड़ी अच्छी बात है कि आप रूल्स बनायेंगे, बोर्ड्स बनेंगे। एक भला काम हो रहा है। लेकिन भला काम कलकत्ते, बम्बई में होगा, यहां होगा। भला काम जो पांच लाख देहात हैं, जहां 85 या 90 फीसदी आबादी है वहां होगा तब ठीक होगा। मुझे खुशी होती है कि पाटोदिया साहब, जो कलकत्ते के रहने वाले हैं, देहात की बात कहते हैं। लेकिन मैं चाहूंगा कि जो वह कहते हैं उसमें कसर क्यों रह जाए? वह और आगे क्यों न जाए? क्या रिश्ते वाले, क्या तांगे वाले, क्या स्कूटर वाले, क्या बस वाले, क्या मजदूर, क्या किसान हरिजन और बैंकवर्ड लोग, सब के मय सोच रहे हैं कि एक नया जमाना हो जाएगा जब बैंक का रुपया हो जाएगा। और बात भी यही है कि उनकी उम्मीदें वाबस्ता हैं। यह नहीं है कि उनमें निराशा है। उन लोगों के लिए रुपया मिलता है, लेकिन जैसे बिखेर होती है शादी में, उसमें जो तगड़ा आदमी होता है वह ऊपर ही ऊपर लूट लेता है और छोटा आदमी रह जाता है, उसी तरह से इस रुपये की बिखेर में भी जो मोटा आदमी होता है वह ले जाता है। पाटोदिया साहब की बिरादरी दिल्ली में रहती है। जो सरमाया होता है उसको, वह जानते हैं, मोटा किसान

और जमींदार ले जाता है, बड़ा दुकानदार ले लेता है और सट्टे और स्पेकुलेशन में खर्च करता है, जबकि छोटे किसान और दूसरे छोटे आदमी रह जाते हैं।

मुझे खुशी है कि शायद इस मामले में कुछ रूल्स बनाए जायें और गरीब आदमियों के हाथ में वह चीज लगे। लेकिन इसमें भी वह तभी उनके हाथ लगेगा जब देने वाला उस रुपये का गरीब आदमी का नुमाइन्दा होगा अलग-अलग लेवल पर। आज 80 परसेंट आबादी है उन लोगों की और एक आदमी है वोर्ड में। एक आदमी क्या कर लेगा? कहा जाता है कि इसके लिए टेकनिकल आदमी चाहिए, एक्स्पिरिएन्स आदमी चाहिए। उसमें कहां गरीब आदमी, हरिजन या बैंकवर्ड आदमी होगा जिसके पास एक-एक, दो-दो एकड़ जमीन हो? ऐसा आदमी तो टेकनिकल एक्स्पर्ट होगा नहीं। अगर गरीब आदमी एक्स्पर्ट नहीं होगा तो जगह किससे भरेगी? जो दिल्ली और कलकत्ते वाले आदमी हैं उनसे भरेगी।

सबसे बड़ी बात मैं मिनिस्टर साहब से यह कहना चाहूंगा कि रूस ने जिस तरह से किया वह उसको रिजिडली फालो करें। यहां गरीबों का रिप्रेजेंटेशन बहुत थोड़ा है। अगर आप 80 फीसदी रिप्रेजेंटेशन उनको नहीं दे सकते तो 70 परसेंट दे दीजिए, 70 परसेंट नहीं दे सकते तो 60 परसेंट दे दीजिए। वह भी नहीं कर सकते तो कम-से-कम 50 परसेंट तो दे दें। वह भी अगर मुमकिन नहीं तो कम-से-कम जिनकी हमदर्दी है गरीबों के साथ, लैंडलेन के साथ, बेकारों के साथ, छोटे किसान के साथ, उनको ही वहां पर भेजें। आज तो वह भी नहीं है।

जो चीज हो रही है उससे हमको बड़ी खुशी है, करोड़ों आदमी आज इससे खुश हैं, लेकिन देहात में भी एक टाउटिज्म पैदा हो गया है। जो भी बैंकों से रुपया ले वह 5

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परसेन्ट दे, नीचे से ऊपर तक । आज जो नया रूल बनाया गया है कि पहले से इन्फ्लेमेशन दी जाय जब कोई इलजाम लगाया जाय, शायद उसकी तहत जो कुछ मैं कह रहा हूँ वह एक्सपन्ज हो जाए, लेकिन यह सही बात है । हर आदमी कहता है । पब्लिक की नब्ज पर हम हाथ रखते हैं । लोग शिकायत करते हैं कि नीचे से लेकर ऊपर तक परसेंटेज बंधा हुआ है, जैसे जो परमिट कोटा सिस्टम है इंडस्ट्रीज में उसमें बंधा हुआ है । इसमें भी बीच के लोग बन गये हैं और टाउटिज्म आ गया है । जब कर्जा मिलता है तो उसमें बीच में टाउट आ जाता है, जिसकी वजह से सही आदमी को कर्जा नहीं मिल पाता है, गलत आदमी बीच में उसको ले लेते हैं और गरीब आदमी रह जाता है । इसके लिए आप एक ठीक मशीनरी रखिये । जितने मैनेजर्स हैं वह देखें कि सही आदमियों को कर्जा मिले और जिन आदमियों का धन्धा बन गया है—इस काम में एक क्लास का क्लास बन गया है टाउटिज्म का देहातों में—वह बीच में न आ पायें ।

मैं आपको मार्फत मिनिस्टर साहब से कहना चाहूंगा कि जगह-जगह इसको देखा जाए और कोई स्टैंडर्ड कायम किया जाए जिससे जरूरत-मन्द आदमियों को पैसा मिले और जो वह प्रिविलेज्ड क्लास बन गया है वह उससे अलग रहे ।

दूसरी बात मैं कहना चाहता हूँ कि इस मामले से अनएम्प्लायमेंट में कमी हो सकती है । हमारे पास कितने ही इंजीनियरिंग ग्रैजुएट्स आते हैं, ऐग्रीकल्चर ग्रैजुएट्स आते हैं । इसके अलावा वेटरिनरी डाक्टर्स जो हैं उनको भी काम नहीं मिलता । वह हजारों लाखों की तादाद में गांवों में बसना चाहते हैं । वहां वे फार्म्स खोलना चाहते हैं एक दो एकड़ में इम्प्रूव्ड वेराइटीज वगैरह का प्रयोग करना

चाहते हैं, तो उनको क्यों न कर्जे मिलें । फौज के जो ई० सी० ओज हैं, इंजीनियरिंग—ग्रैजुएट्स हैं जो बेरोजगार हैं, बी० ए० और एम० ए० पास लोग जूते पटकाते हुए फिरते हैं, एग्रीकल्चर इंस्पेक्टर हैं जिनको जगह नहीं मिलती है, वेटरनरी डाक्टर हैं जिनको कोई जगह नहीं मिलती है, बाकी पढ़े लिखे आदमी हैं जिनको आप कहते हैं कि नक्सलाइट्स बनेंगे, उनको आप हजार-हजार दो-दो या तीन-तीन हजार कर्जा दें और उनको गांवों की तरफ चलता करें । उनको कहिए कि देहात में जाकर खेती करें । जो फालतू जमीन है वह उनके वास्ते आप लीज आउट करें । जो एनीमल हस्बैंडरी का काम करना चाहते हैं, छोटी इंडस्ट्री लगाना चाहते हैं, उनको आप स्पेशल प्रायोरिटी दें । आपने ऐसा नहीं किया तो सारे का सारा जो पढ़ा लिखा तन्का है खाम कर देहात का, वह निराश हो जाएगा । बाप समझता है कि बेटा पढ़-लिख जाएगा तो नौकरी मिलेगी लेकिन वह मिलती नहीं है । बाप से वह लड़ने लग जाता है । मां बाप से अलग हो जाता है । बाप को तो बेटा पीटता है और बहू मां को पीटती है । यह देहातों में तरक्की हुई है । जहां मां बाप को परमात्मा समझा जाता था वहां आज उनकी पिटाई की जाती है । नौकरी का सवाल नहीं आपस में मार पिटाई होती है । वहां पर समाज दरहम बाहम होता जा रहा है । उनके वास्ते आप नौकरी का, काम धंधे का प्रबन्ध करें ।

इस स्कीम के मातहत आप एक फेज्ड प्रोग्राम के तहत काम करें, टारगेट फिक्स करके काम को आगे बढ़ाएँ । आप फैसला करें कि इतने अर्से में इतने परसेन्ट रकम हम को जो अनएम्प्लायड हैं, उनको देनी है । उसके लिए आप एक मियाद मुकर्रर करें । आप इसकी भी मियाद मुकर्रर करें कि इतना रुपया किसानों को देना है । पता नहीं किसान के नाम से कौन उस रुपये को ले जाएगा । लेकिन आपको देखना चाहिए कि वाकई मैं

वह रुपया किसान को मिले। उनके वास्ते आप रुपया खास तौर पर सैट एपार्ट करें। जो गरीब किसान हैं, जिनके पास पांच एकड़ से कम जमीन है, उनको उनका हक दिया जाए। लैंडलेस जो हैं या दूसरे लोग जो हैं, उनकी मदद करने के लिए एक मियाद मुकर्रर की जाए और उनके वास्ते रुपया सैट एपार्ट किया जाए। प्रधान मंत्री ने कहा है कि जो मार्जिनल फार्मर्ज हैं, जो गरीब फार्मर्ज हैं और लैंडलेस लेबर है या इस कैटेगरी में जो लोग आते हैं उनको फायदा पहुंचाना हमारा कर्तव्य है। मैं चाहता हूँ कि जब इस स्कीम को अमली रूप दिया जाय तो रकम मुकर्रर की जाए कि यह रकम जो है और जो एक कैटेगरी के लोगों के लिए सैट एपार्ट की गई है, यह दूसरी कैटेगरी के वास्ते खर्च नहीं होगी। अगर वह छोटे किसानों के लिए है तो बड़े किसानों को नहीं दी जाएगी। गरीब किसानों को ओर छोटे किसानों को ही वह मिलेगी।

जो बैंकवर्ड इलाके हैं, उनकी तरफ आपका खाम ध्यान जाना चाहिए। बंगाल में ऐसे इलाके हैं। ईस्टर्न यू० पी० है। बस्तर का इलाका मध्य प्रदेश में है। मिरिकाकुलम डिस्ट्रिक्ट है आंध्र में। इसी तरह से गुजरात में इलाके हैं। बेतूल का इलाका है। राजस्थान के कुछ हिस्से हैं। ये सब बहुत बैंकवर्ड हैं, बहुत पिछड़े हुए हैं। हिमाचल का भी कुछ इलाका ऐसा ही है। जो भी बैंकवर्ड इलाके हैं, रिजनल तौर पर जहाँ इम्बैलेंसिस हैं, उन इलाकों को प्रोयोरिटी दी जाए और उनका काम पहले किया जाए। खास तौर पर मैं हरयाणा और पंजाब की बात भी कहता हूँ...

MR. CHAIRMAN : Every village in Haryana has been electrified.

श्री रणधीर सिंह : वहाँ पर जो बैंकवर्ड एरियाज हैं, उनको भी प्रोयोरिटी दी जाए, पंजाब के पिछड़े हुए इलाकों को प्रोयोरिटी दी जाए। सारे देश में जो बैंकवर्ड इलाके हैं,

आदि-वासी इलाके हैं उनको प्रोयोरिटी दी जाए। असम के जो बैंकवर्ड इलाके हैं, उनकी तरफ पहले देखा जाए। लैंडलेस भाइयों की जरूरतों को पहले पूरा किया जाय।

मैं यह भी चाहता हूँ कि गांव-गांव में बैंक हों। कर्ज मिलने में जो डिले है वह किसान को मारती है। बेचारे को कर्जा लेने में तीन-तीन और चार-चार महीने लग जाते हैं। साथ ही अगर तीन हजार उसको कर्जा मिलना होता है तो उसमें उसको साल-साल और दो-दो साल लग जाते हैं। फिर तीन हजार का उसको पन्द्रह सौ ही मिलता है। पटवारी खाता है, नम्बरदार खाता है, गिरदावर खाता है, तहमीलदार खाता है, नक्शानवीस खाता है। बिजली वाला जो लाइनमैन होता है वह खाता है। इस तरह से तीन हजार में से उसके पल्ले पन्द्रह सौ ही पड़ता है। जब वह किस्त अदा करने की स्थिति में नहीं होता है और उसको बताया जाता है कि उसकी जमीन नीलाम हो जाएगी तो उसके डर से वह पटवारी वगैरह को पैसा खिलाता है। सारा जो पैसा है वह रिस्वन में चला जाता है। यह जो प्रोमीजर है, इसको आपको कट डाउन करना होगा। गरीब किसान को आप पाम बुक दें। सारी जमीन की डिटेल्स उसमें लिखी रहें। वह इन बैंकों में से किसी भी बैंक में जाकर अपनी पास बुक दे तो उसको एक दो सप्ताह में कर्जा मिल जाना चाहिए और आसान किस्तों पर मिलना चाहिए। लम्बे असं के लिए उसको कर्जा मिलना चाहिए। अगर वह रुपयों में उस कर्ज को अदा न कर सके तो उसको छूट होनी चाहिए कि वह अनाज में या कांडू में उसकी अयादगी कर सके। उस चीज को एक्सैट कर लिया जाना चाहिए।

15.57 hrs.

[SHRIMATI SUSHILA ROHATGI in the Chair.]

श्री शिव चन्द्र झा : प्रिवी पर्स के खात्मे के मुताल्लिक जब बात कही जाती है तो कहा

[श्री शिव चन्द्र शा] ]

जाता है कि सरकार जल्दबाजी में काम नहीं करेगी। सोच समझ कर काम करेगी। हरी में काम नहीं करेगी। फिर कहीं गलती न हो जाए, वह स्टक डाउन न हो जाए। लेकिन इस स्कीम को भी तो बनाने के लिए सरकार ने बहुत समय लिया है। आठ नौ महीने लिए हैं। बैंकों के रिनैशनलाइजेशन के बाद जो स्कीम हमारे सामने आई है मुझे यह कहना पड़ता है कि खोदा पहाड़ निकली चूहिया की लोकोक्ति को ही यह चरितार्थ करती है। श्री नवल किशोर जी ने कल ठीक ही कहा था कि नौ महीने आप इस स्कीम को लाने में ले गए हैं, पता नहीं इसको कार्यान्वित करने में आप कितना समय लेंगे।

इस स्कीम को देखने से याद हो जाता है कि इसको नौकरशाही द्वारा बनाया गया है, अफसरों के द्वारा बनाया गया है। मेरा पूरा विश्वास है कि मंत्री जी का इसमें कोई हाथ नहीं है। उनके सामने जो पकी पकाई चीज आई उसको उन्होंने हमारे सामने पेश कर दिया है। इसका नतीजा यह है कि जो मकसद है और जिस वास्ते यह राष्ट्रीयकरण किया गया था वह सही मानों में पूरा नहीं होगा। मेरे जो संशोधन हैं उन पर जब मैं आऊंगा तब इस पर रोशनी डालूंगा।

नैशनलाइज्ड बैंकों के मैनेजमेंट की जो स्कीम है वह इंडिपेंडेंट स्कीम नहीं होनी चाहिए बल्कि जो नान-नैशनलाइज्ड बैंक हैं, जो निजी क्षेत्र में बैंक हैं, उनसे सम्बद्ध होनी चाहिए। साथ-साथ जो विदेशी बैंक हैं, उनसे सम्बद्ध यह स्कीम होनी चाहिए। रिलेटिड होनी चाहिए। एक इंटीग्रेटेड, एक कम्प्रिहेंसिव स्कीम होनी चाहिए। इस स्कीम से ऐसा कोई आभास नहीं मिलता है। दूसरे अर्थों में कहा जाए तो कहा जा सकता है कि नैशनलाइज्ड बैंकों का सही मानों में जो मकसद है उसको पूरा करने के लिए लाजिमी है कि जिन बैंकों का राष्ट्रीयकरण नहीं हुआ है और जो विदेशी

बैंक भी हैं, उन सभी का राष्ट्रीयकरण हो तभी आप जिस मंजिल पर पहुंचना चाहते हैं, उस तक पहुंच सकते हैं।

जहां तक मैनेजमेंट का सम्बन्ध है, वर्कर्स के बारे में जिस तरह से बात कही गई यहाँ पर वह बिल्कुल सही कही गई है। उसको दोहराना मैं नहीं चाहता हूँ। एक तबके का इसमें रिप्रिजेंटेशन नहीं हुआ है और उसकी आवाज सारे देश में गूँज रही है। वह है विद्यार्थी समाज। उसका भी रिप्रिजेंटेशन इसमें होना चाहिए, राष्ट्रीयकृत बैंकों में होना चाहिए। उनको आप भूल जाते हैं। उनको भी पैसे की जरूरत पड़ती है अपनी पढ़ाई जारी रखने के लिए और बाहर पढ़ने के लिए जाने के लिए। उनका भी एक रिप्रिजेंटेटिव मैनेजमेंट में होना चाहिए, जो इस वक्त नहीं है। यह बड़ी कमी है, जिसको दूर किया जाना चाहिए। मैंने इसके बारे में संशोधन नहीं दिया है लेकिन इसकी पूर्ति कैसे हो यह मैं जब संशोधनों पर विचार होगा तब बताऊंगा।

जो रिप्रिजेंटेटिव लिए जाएंगे उनमें यह कहा गया है कि डिपॉजिटर्स का एक रिप्रिजेंटेटिव भी लिया जाएगा। लेकिन उसकी सफाई नहीं हुई है। मान लो कि एक बैंक में सौ डिपॉजिटर्स हैं। उनमें से पांच के डिपॉजिटर्स अस्सी परसेंट हैं और बाकी 95 के बीस परसेंट हैं। अब जब उनका नुमाइन्दा लेने की बात आएगी तो क्या जो पांच परसेंट हैं उनमें से ही किसी को लिया जाएगा या दूसरों में से लिया जाएगा? अगर आप डिपॉजिटर्स का नुमाइन्दा लेना चाहते हैं तो छोटे डिपॉजिट होल्डर्स का आप लें। मेरा इसके बारे में संशोधन है कि जिनका डिपॉजिट एवरेज डिपॉजिट से कम बैठता है, उनमें से ही आप एक प्रतिनिधि लें। तब जा कर के वह आपको बतायेंगे कि किस तरह से डिपॉजिट-मोबिलाइजेशन देहातों में हो सकता है। बैंक डिपॉजिट मोबिलाइजेशन की आज सख्त जरूरत है।

मोवाइल बैंक देहातों में चलने चाहिए। रूरल सेक्टर में आपकी वैन चलनी चाहिए। बहुत से लोग देहातों में हैं कि जो जानते हैं कि कैसे पैसा रखना चाहिए, तो छोटे डिपॉजिटर रहेंगे, तो वह इस चीज को ज्यादा समझा सकेंगे। इसलिए यह परिवर्तन इसमें जरूर होनी चाहिए कि जो छोटे डिपॉजिटर हैं या जिनकी डिपॉजिट सबसे कम है उनके रेप्रेजेंटेटिव्स इसमें आएँ।

16.00 hrs.

अब आप फार्मर की बात करते हैं। फार्मर एक बड़ा वैंग टर्म है। फार्मर किमको आप कहेंगे? हरयाणा का 100 एकड़ जोतने वाला भी फार्मर कहलाएगा और ढाई एकड़ जोतने वाला भी फार्मर कहा जाएगा। तो किमके प्रतिनिधि आप लेंगे? यह बैंक का राष्ट्रीयकरण जो आपने किया वह इसलिए किया कि कृषि का क्षेत्र जो हमारी अर्थ-व्यवस्था का बड़ा क्षेत्र है जिसमें कृषि के विकास के लिए उनको पैसे चाहिए, वह पैसे उनको मिल सकें और कृषि का विकास हो सके। तो छोटे फार्मर्स अगर उसमें नहीं लेंगे तो ज्यादा सम्भावना है कि पैसे का दुरुपयोग होगा। बड़े फार्मर्स के रेप्रेजेंटेटिव्स आ जायेंगे और आप कहेंगे कि फार्मर्स या रेप्रेजेंटेशन हो गया। वह बाबू और क्लर्क होगा, वह आकर के गलत बताएगा और गलत ढंग से काम चलेगा। इसलिए मेरा संशोधन है कि इसमें स्माल फार्मर्स के रेप्रेजेंटेटिव को आप लें और रूल बनाते समय उसमें 5 एकड़ तक के फार्मर्स के लिए कर दें या दस एकड़ तक के रेप्रेजेंटेटिव को रखिए। यह मेरा संशोधन है कि आप स्माल फार्मर्स को लें।

तीसरी बात जो मेरे संशोधन में है वह यह है कि जब आप रीजनल कन्सल्टेटिव कमेटी बनाते हैं या रीजनल ऐडवाइजरी बोर्ड बनाते हैं तो उसमें कहते हैं अदर परसन्स, मेरा कहना यह है कि यह अदर परसन्स कौन होंगे? क्या अदर परसन्स में जो आप की हां में हां मिलाने वाले हैं उनको लेंगे? इसके लिए मेरा सजेसन है कि एम० पी० जो उस इलाके

का है चाहे वह इस हाउस का मैम्बर हो चाहे राज्य सभा का मैम्बर हो, उसको आप अदर परसन्स में लें। दूसरे जो ग्राम दान आन्दोलन में रहते हैं या भूदान आन्दोलन में रहते हैं उनको भी आप ले सकते हैं। लेकिन जो एम० पी० हैं, लोक सभा या राज्य सभा के सदस्य हैं, वह जनता के प्रतिनिधि हैं और वह आप को सही रास्ता बतायेंगे कि किस तरह से सामाजिक आवश्यकताओं की पूर्ति होगी? जिस तरह से विद्यार्थियों की मांग आयेंगी या और इस तरह की मांगें आयेंगी तो वह आप को बतायेंगे कि किस तरह से उसकी पूर्ति की जा सकती है। आप उनके ऊपर कोई ज्यादा भार तो दे नहीं रहे हैं, मैनेजमेंट तो आप चलायेंगे, वह आपको केवल सलाह देंगे कि किस तरह से आप अपनी मंजिल पर जायें। इसलिए यह मेरा संशोधन है कि :

"of social service background or members of either House of Parliament of the area."

वही बात फिर 14वें बलाज में है।

इसके बाद आप स्कीम में कहते हैं कि हम उसको री-अप्वाइट करेंगे। यह स्कीम जो है, यह ठीक है कि एक्सपर्ट जो होगा वह एक्सपर्ट बात करेगा। लेकिन साथ-साथ हमें यह भी ख्याल करना पड़ेगा कि कहीं यह अफसरों के हाथ का खिलौना तो नहीं हो जाएगा। मेरा यह ख्याल है कि इस तरह से यह अफसरों के हाथ का खिलौना हो जाएगा। और अफसरशाही से जो बीमारी और मुहकमों में आती है ज्यादा सम्भावना है कि इसके मार्फत भी वह बीमारी यहां आएगी। इसीलिए आप 8वें बलाज में जहां यह कहते हैं कि शील बी एलिजबल वहां मेरा संशोधन है कि शील नाट बी एलिजबल कर दिया जाए। पांच साल तक आप उसे रखें। आप तीन साल की बात कहते हैं, मैं कहता हूँ कि मैनेजिंग डायरेक्टर को पांच साल तक रहने दीजिए लेकिन फिर उसका री-अप्वाइटमेंट आप मत करें। डायरेक्टर

[श्री शिव चन्द्र झा]

जो हैं इनको आप अर्वाइंट कीजिए और यह करते चले जाइए लेकिन जो उसका हैड है मैनेजिंग डायरेक्टर उसको आप री-अर्वाइंट मत कीजिए । एक आदमी को ग्राप मैनेजिंग डायरेक्टर बनाते हैं और ओवर आल वह उसका हैड है, तो उसी को फिर बार-बार बनाने से इसमें ज्यादा घाघलियां होंगी । इसलिए मेरा संशोधन आपको लेना होगा और यह संशोधन जो मैंने रखा है इनको आप मानेंगे तब मैं समझ सकता हूँ कि कुछ हद तक जो आपका मकसद है वह मकसद पूरा होगा और मंजिल पर आप आयेंगे और नहीं तो मैं देख रहा हूँ कि आठ नौ महीने बाद यह स्कीम बनी है, अफसरों के जरिए, यह स्कीम बनी है, अफसरों के द्वारा यह स्कीम चलाई जाएगी और अफसरों को ही इससे फायदा होगा, यही मैं इसमें देख रहा हूँ ।

SHRI SARDAR AMJAD ALI (Bairhat) : I take great pleasure in associating myself with this discussion on the Nationalised Banks (Management and Miscellaneous Provisions) Scheme. As a result of nationalisation of the 14 great banks, the people of our country had high expectations and high hopes that these banks would give them much more financial assistance to run their business or to pursue their avocations or the ways which they had adopted for their livelihood. I can say without any hesitation that we have entered into a new era by nationalising the 14 major banks of our country. But at the same time, there has been an inordinate delay on the part of the Government in bringing forward a scheme for the continued management of these nationalised banks.

I also reside in a village. Fortunately, in my village, after a lot of agitation and repeated demands, we have been able to have a branch of one of the nationalised banks, namely the United Commercial Bank, opened there. I happen to keep relations with some of those who aspire to get some assistance from the bank, and, therefore, I have been able to accumulate knowledge of certain difficulties which they

have brought to my notice. There are several difficulties which are being experienced by the aspirants for loans, but I consider two of them to be very serious, and I would like to bring them to the notice of the House on this occasion.

The first difficulty is this. There are poor agriculturists who own very small pieces of land, and the desire to get certain assistance from the banks. Madam, the procedure is that if they want to hypothecate that particular piece of land with the bank, then the person will have to obtain a certificate of non Encumbrance from a lawyer. The law is that he will have to rush to the local registration office first and he will have to give a searching fee for an enquiry to ascertain that during the preceding 12 years, his land had been free from any encumbrance and had not been sold or mortgaged or in any other way transferred to any other individual, and then he will have to go again to the other concerned departments of the Government from where he will have to obtain another certificate that the land was not sold on a court sale and so on. So, Madam these poor agriculturists who had expectations of getting loans from the nationalised banks would have to run to a lawyer. I also belong to the category of lawyers, and yet I feel that this works very hard on the poor farmers. Sometimes it becomes very difficult to obtain such a certificate. The procedure in the bank is such that unless this certificate is produced from an advocate or lawyer, the applicant is not entitled to the loan. This is very hard on the poor agriculturist living in the village. I would therefore plead with Government to consider if it is possible to appoint a lawyer, or a lawyer appointed by the bank, from whom a non-encumbrance certificate could be obtained which would be acceptable to the bank.

Madam, there is another difficulty. Many people from my locality and district and other districts too approach me. They think that as an MP I have influence with these officers and can use my good offices to get things done for them. They genuinely feel so because we are their representatives here. They desire that there should be branches opened in their localities also. They cannot approach the agents who have

the power to open new branches. I would plead with Government to consider if the procedure for opening new branches in different localities and villages can be simplified so that the banking service is made as widespread as possible.

Madam Chairman, it is very high time to look into these aspects with seriousness of thought and sincerity of purpose. Our people have waited for 22 long years for a hand in the administration and management of the financial institutions of the country. After such a long period, due to certain rifts in political thought and ideology, the step of nationalisation of 14 banks was taken. Their desire now is that they should have a say in the management also. In that view, the decision of Government to bring out this scheme is to be welcomed because it gives scope for the realisation of their hopes and aspirations.

In the scheme, it has been mentioned that not only the workmen but also those who are not workmen will have a place in the board of management. Those who are actively engaged with the dealings of the banks, depositors and persons possessing special knowledge of industrial and financial matters are to be represented in the board. That is why I support the scheme.

But I have certain amendments to suggest. It is seen that the board of management has to work for a certain period, but in cl. 9 dealing with the term of office of other directors some amendments are called for. To this end, I have put in my amendment No. 12. Firstly, I have proposed that after the words "Reserve Bank" in clause 9, the insertion of the words "and by giving a reasonable opportunity of being heard." The Directors are appointed under a statute. Lest there should be any legal complication, the Directors should be given a reasonable opportunity to explain before the termination of their office. Their office should be terminated only when they have failed in the discharge of their duties.

Lastly, in clause 10, to make the meaning more clear, I have given an amendment that after the word "appointed" the words "or to continue" be inserted. If any Director

is disqualified under the provisions of this scheme, he cannot continue, and that is why I am pleading that this amendment be accepted.

• **SHRI LOBO PRABHU :** There is a happy illusion here that banking is like advancing money from the Government treasuries. I would like to make it very clear to this House and to Government that banking is dealing with people's money, with the deposits which you attract and so, the primary consideration in judging this scheme should be whether it will attract deposits.

It has been mentioned by the Minister that deposits have fallen, that they are not keeping pace with advances. Only three or four days ago he has made this admission. I would refer to the Finance Minister's statement at the meeting of the Custodians that in the scheduled banks the deposits for the first eleven months were only Rs. 289 crores as against Rs. 324 crores in the previous period of eleven months. I do not know what the position since then is, but the fact remains that the Reserve Bank has told the scheduled banks that it will not increase its advances and that they must find something to the tune of Rs. 600 crores if they are to meet their commitments. Let us get this clear that if this amount is not found by the scheduled banks, your banking system is going to come to a grinding halt. The amount available will have to be distributed to a very few. Accordingly we have to judge the scheme.

We have to judge the scheme also with reference to the many complaints made here that there is corruption, that no loans are obtained unless money is paid. That complaint has not been made by my party alone but by every party.

AN HON. MEMBER : Not by everyone.

**SHRI LOBO PRABHU :** The SSP and the Congress have made it. If you have not made it, I think you will have to open your eyes some time.

Secondly, there is complaint that there is deterioration in service, that there is delay

[Shri Lobo Prabhu]

at the counters, that there is delay in clearing Bills and that the banking system as a whole has slowed down. Thirdly, there is a complaint that there is a slowing down in the recovery of loan, that there has never been such a slow down before, and that banks are becoming something like co-operative societies. With these complaints in view, let us see how this particular scheme is going to work.

A scheme of banking or any good scheme has to localise responsibility, has to create authority in the persons concerned. I begin by saying that this is an academic scheme that it deals with the policy of banking and not with practical banking. It should have gone to the level of the Agent or Sub-Agent who deal with the banking operations. About that there is a conspiracy of silence and nothing is said.

What is happening? You have opened more than 2,000 branches. Who are going to man these branches? What training have they got? My good friend mentioned here that we are not making profits. I would go further and say that when you have branches like this without adequately trained staff, you are going to discredit banking and not do any good. Your branches must be related to the needs of the people. It is not as if there is no banking in the villages. You are not blind to the fact that there are co-operative societies, post offices and indigenous agencies. So, this was only meant to supplement them. Therefore, go at a pace which is reasonable.

Now, coming precisely to the scheme, what is the idea of Government in diluting the responsibility everywhere? It is as if these banks are nothing more than an appendage of the Ministry of Finance. I have no doubt that Mr. Chavan and Mr. Shukla will be very fair in their choices. But do they make the choice? Does even Mr. Bakshi, the Secretary, make the choice? No. The people to be appointed in the various 14 banks will be chosen by the Assistant Secretary for reasons we need not discuss. Therefore, you are leaving the banking system to the mercy of a very low-grade staff.

I will show one by one how this choice is going to be exercised. The managing director and the other paid directors will be appointed by the Government on the recommendation of the Reserve Bank. No qualifications are fixed. I do not see why Mr. Banerjee should not be appointed as managing director.

SHRI S. M. BANERJEE : Thank you.

SHRI LOBO PRABHU : I think he would be as good a managing director as any one else; and he is eligible; that is the point. So, this is the kind of liberty the Government is taking for itself to appoint anyone. When it comes to the question of appointing a managing director who will be on any salary up to Rs. 6,000 or more, this power is likely to be abused.

Next, I come to the appointment of the representatives of the workers and representatives of the staff. Already there has been quite a lot of dissatisfaction with the system for the election of the workers' representative. My own feeling is that it will take six years before the unions rise to the strength of 15 even if they use methods such as they are using in the Baroda Bank and the Indian Overseas Bank. In the meanwhile, the Government will have to select anyone even on behalf of the workers. For the staff, the choice is entirely for the Government.

SHRI S. M. BANERJEE : We do not want that.

SHRI LOBO PRABHU : They have said that they will take anyone according to the Reserve Bank. The Assistant Secretary will determine their representative.

Then I come to the representative of the depositors. My good friend said that small depositors should have separate representation. You must represent those who have some interest, some stake in the banks. A small depositor is not the proper one. *(Interruption)* I suggest on the other hand that the top 10 depositors who have the biggest stake should be the persons from whom the selection is to be made. *(Interruption)* You are welcome to change it.

MR. CHAIRMAN : You should address the Chair.

SHRI LOBO PRABHU : Yes. I have very great advantage in addressing the Chair.

MR. CHAIRMAN : Otherwise, you will get involved in controversy.

SHRI LOBO PRABHU : Therefore, on the choice of the depositors, some system must be evolved. If you do not want the small depositors, and even the top 10 depositors, let us have some elective system ; let us for instance have an MP as their representative, Mr. Banerjee or someone else. But do not leave it to the tender mercies of Government to make that selection in consultation with the Reserve Bank. And what is the Reserve Bank ? It is nothing more than an image of Government ; no more than an instrument of Government. So, Government consults itself and appoints anyone it likes.

Then, I come to the representative of artisans, workers and farmers. How is that selection to be made ? They are supposed to have the capacity to represent these classes. What is their capacity ? Is it the capacity to please somebody in the Secretariat, somebody in the Government or somebody in the bank ? Let us be more precise about it. Let us fix some qualification ; let him at least be eminent in his profession and unless that is done, the Government will just choose anyone who will be a discredit to that body and who will therefore reduce the deposits.

Then, I come to the representatives of experts in their own line. My good friend has spoken a lot. Mr. Chavan himself admitted that 64 per cent of banking business is from industry and 15 per cent from trade. Are you not thinking of representing some persons from these interests who are vitally connected with the working of the banks ? I suggest, and I do hope my good friend will agree that the relevant chambers of commerce should be consulted about the persons to be appointed to represent them. I am saying this because the Chambers of commerce which are responsible for the production and employment in this country should have a word.

Then we come to the two representatives of the Reserve Bank and the Government. What does it come to ? Barring one director from the workers, you have a board which is simply of the making of the government. They can appoint anyone. Just like Emperor Khalifulla showed his contempt for the senate, in the same way I think the government will show its contempt by appointing anybody they like. They have already appointed some of the donkeys to the board of the custodian. Now they are using the legislative power to do whatever they like.

Coming to the committee, what is the point in having a committee which meets once a fortnight when you have a board which meets once in six months. Even if you are keeping the State Bank practice, this committee should meet every week. About the appointment of this committee the complaint is the same one. They are going to be the creatures of government. Because no qualifications are prescribed, anybody could be appointed by the government.

Lastly, I come to the regional board. Some hon. Member suggested that the State Governments are associated with it. There is something more than that. A suggestion about regionalisation was made. The regional committee should include not only representatives from that region but it should also include representatives of banks. Since the banks should have a common policy it is necessary to extend this idea further. I whole-heartedly agree with that suggestion.

In the short time you have been kind enough to give me I have said only a small part of what I wanted to say. I am not here to bury the nationalised banks. They have buried them themselves. I am trying to save them so that they can be of some use to society and to the country.

SHRI P. GOPALAN (Tellicherry) : The scheme is very limited in its scope. It only deals with the composition and functions of the top management bodies of the nationalised commercial banks ; nothing else. It deals with the composition of the Board of Directors, appointment of Chairman, composition of the advisory body etc. But, unfor-

[Shri P. Gopalan]

tunately, it is completely silent about how this mechanism is going to serve the basic and declared policies of bank nationalisation.

According to this scheme, after the constitution of the Board of Directors and the appointment of the Managing Director the post of the present custodian will be abolished. I am sure that many of the present custodians will automatically be turned into Managing Directors of the respective banks. I say this because even before nationalisation of these banks the very same people were occupying the same posts as Managing Directors in these banks and they were serving the interests of big business groups. After nationalisation, they were converted into custodians of those respective banks. Now the Government are thinking of appointing them again as Managing Directors of those banks. Excepting in one or two cases, all the present-day custodians were at one time or other serving the interests of big business in our country. Therefore, I am very much concerned about the composition of the Board of Directors.

They say that the Board of Directors will be appointed in consultation with the Reserve Bank of India. Whose interest does the Reserve Bank of India represent? Shri Kirloskar is there in the Board of Directors of the Reserve Bank; so also Shri Arvind Mafatlal and Shri Kothari. I am sure these people represent the interests of big business in the Reserve Bank. Therefore, if you say that the selection will be made in consultation with the Reserve Bank of India, it only means consultation with the representatives of big business and vested interests which are represented in the Reserve Bank. That is why I am very much concerned about the composition of the Board of Directors after this scheme is adopted.

At the time of nationalisation a new enthusiasm was generated all over the country. The downtrodden people thought that some basic changes will be brought about after the nationalisation of banks. Hundreds of people, rickshawallals and taxi-drivers, were brought to the residence of the Prime Minister who shouted, "Indira Gandhi ki jai."

After nationalisation what has happened? Some Members were very much eloquent in saying that it has served the purpose of the poor people in the country and that nationalisation has given large advances to farmers and small peasants in the country. I have certain figures to prove that no departure has been marked in the policy even after nationalisation. Government is following the same policy, which it had been following all these years, since they were nationalised.

Here is a report of a random survey conducted about the effect of nationalisation on poor and middle-class people. I hope, the Member from Haryana will listen to it. It says :

"According to a random survey of the "impact of nationalisation" on poor and middle-class in Haryana, carried out by the Haryana Young Farmers' Federation about Rs. 31.50 crores advances by the nationalised banks as loan during the last six months more than Rs. 25 crores have gone to upper and middle-class categories of industries."

Even the Member from Haryana had been praising the credit policy of Government. I can understand the meaning of it. This is the result of the survey conducted by the Haryana Young Farmers' Federation :

"Of the beneficiaries, 13 units are such in which five big monopolists of the country dominate."

this is the socialism of Indira Gandhi! —

"The remaining 6.50 crores that have gone to non-industrial sector, 60 per cent has been distributed in urban areas and among middle and upper-class only. Of the nearly 1.6 crores of bank finances that have come to the farmers' share, the number of beneficiaries are mostly big landholders. Only 42 small peasants have been advanced agricultural loans by the nationalised banks (including land mortgage and Central cooperative banks since the nationalisation of banks), the number of tenants is nil. No. Harijan cultivator"—

I want all the Members to take note of this—

“has been given agricultural loan on the plea that they are not free from financial liabilities.”

This is the credit policy that has been praised by many Members belonging to the Congress Party as well as by some of the Members belonging to the Opposition. Even after nationalisation the credit policy has not been changed. There has been no departure in the policy of the Central Government. I cannot hope for any departure from this Government because this Government represents the interests of big businessmen, big bourgeois and vested interests in the country. Therefore I do not hope for anything else from this Government. I am sure of the fact that the board of directors will be completely filled up, except in the case of one or two members, with the representatives of big business and vested interests in our country. There is no doubt about it.

Then, the top management system has been evolved under this scheme. This is a very burdensome and a very cumbersome scheme. It will incur very top heavy expenditure. For all these banks you are having separate management committees, advisory committees, board of directors, separate chairmen and all this paraphernalia. I ask the Minister: Why can you not evolve a single banking system for the whole country? Why are you shy of it? Why do you want banks to compete with each other? Why can you not evolve a monolithic banking system in the country with clear regional control over these banks?

I want regional control to be established over many of the banks. Even at the time of passing of this Act, an amendment was moved by me and the Minister accepted that in principle. My amendment had said that the head office of each bank should be in different State capitals. That was accepted in principle at that time. I do not know whether this principle is accepted by the Minister even now or not. I hope, the hon. Minister will stand by the earlier assurance given by late Shri P. Govinda Menon who piloted the Bill at that time.

Lastly, I wish to point out that the banks are having branches all over the country and they are collecting deposits from various areas. Our experience has been that the banks are investing their finances in certain areas and in certain cities. This is one of the basic reasons for regional imbalances. Therefore, I want to suggest that hereafter this practice should be stopped. At least the deposits which are collected from each region should be invested in those areas. I hope, the hon. Minister will accept this concrete proposal of mine.

In conclusion, I would like to say that the Scheme as has been submitted before the House is not going to serve the interest of the people, the interest of the down trodden, and that, I think, it will definitely help to bring about the capitalism and monopoly in our country which is a clear aim of this Government.

SHRI K. NARAYANA RAO (Bobbili): Madam Chairman, a close scrutiny of the Scheme reveals two things. The first is an avoidable bureaucratisation and the other is a radical departure from the letter and the spirit of the Act.

Before I dilate on these two aspects, I may be permitted to make one small submission, a preliminary remark on it. Section 9 of the Act provides for the Scheme and Section 9 provides for two other things also. The other two things which have not been included in the Scheme are, firstly, in regard to the capital structure, the paid-up capital not exceeding Rs. 15 crores and, secondly, in regard to the amalgamation and reconstruction of the various banks. Of particular significance is the latter one. Leaving 14 Banks with the same type of policies and control, it smacks of artificiality. There is an absolute necessity of bringing about rationalisation through the process of amalgamation and reconstruction of various banks. But, unfortunately, there is nothing in this scheme to touch upon that.

Coming to the first aspect, I find, as many hon. Members have said, there is an undue interference in the appointment of Directors by the Government. Of the 15 Directors which have been envisaged here, only 6 are outside the purview of govern-

[Shri K. Narayana Rao]

mental directive. Those 6 Directors are : 2 from the employees and the workers of the banks, 1 from the depositors and 3 from the artisans, farmers and workers. About the rest, 2 Directors are full-time and their qualifications are nowhere mentioned. One is from the Reserve Bank and the other is from the Finance Ministry. The most significant part of it is that there are 5 more with a special knowledge in one or more subjects pertaining to banking business. There again, they have not specified or provided any guide-lines.

Where they have made a provision for the appointment of 3 Directors from farmers, artisans and workers, there is a radical departure. While the Act says that they should be representing the interests of artisans, farmers and workers, the Scheme says that they should be "competent" to represent them. How to get this competency? Who is to determine this competency? I agree that there is difficulty in bringing about certain things. But this short-cut will lead to an arbitrary and subjective judgment of the Government in the process of the constitution of the Board of Directors. Again, I would like to say here that this departure is not an innocent one. It is a deliberate departure. I humbly submit that in the State Bank which is more or less parallel to these banks the system is totally different. In the State Bank with regard to the five members who are to be appointed with special knowledge, the categorisation has been specifically mentioned. Sec. 9 of the State Bank of India Act provides that these members should have special knowledge of the working of the co-operative institutions and or rural economy of experience in commerce, industry, banking or finance. But, here why have they not done that? Not that they do not know. They know it but they have not specifically mentioned it. What does it indicate? There is room for manoeuvrability. There is scope of bringing in certain undesirable elements.

Then I would like to touch upon the question of inclusion of workers' representatives about which a general criticism has

been levelled by many of my friends with which I agree.

I would like to bring to the notice of the House one more thing which to my mind is very wrong. That is, there is a provision to the effect that provided that if there is any delay in identification, if the banking industry needs such a thing, then the Government can appoint somebody on behalf of the workers. This is a sinister thing. Then there is no further provision. Suppose there is a contingency compelling the Government to go to that extent, there is no provision that once the workers' delegate could be appointed, he should replace the Government nominee from that date. There is nothing like that. The Government want to capitalise on their own delay. This is unfair.

Coming to the other aspect, the Act has not mentioned the maximum number of Directors on the Board. A special emphasis has been given to those categories—farmers, artisans, workers and employees. But what has been done? Their representative capacity, their capacity to contribute has been relegated to the back-ground by bringing about an overwhelming majority of Government nominees. If it is innocuous, I don't mind. But this seems to have been deliberately done. The superintendence and management of these banks has been vested in the Board of Directors, but in the scheme this has been surreptitiously taken away. The scheme provides that the Managing Director is the executive officer of the bank and then it provides that powers of these banks may be delegated.

MR. CHAIRMAN : I would request hon. Members to realise that the time is limited and the list of speakers is large. Kindly conclude.

SHRI K. NARAYANA RAO : I will conclude in two minutes.

The Act vests the superintendence and management in the Board of Directors. Until the Board of Directors is constituted under the scheme contemplated in Sec. 9 of the Act, the Custodian would enjoy those powers. In contrast the scheme provides that the Managing Director shall be the chief executive officer and shall enjoy such powers

as are delegated to him. It further provides that until it is so delegated, he shall exercise those powers which are now presently exercised by the Custodian. It means that delegation is imperative which is contrary to the Act which vests these powers in the Board of Directors. Therefore, I urge that this scheme is beyond the scope of the Act and a new scheme should be brought about in such a way as to have effective implementation of the letter and spirit of the Act.

Thank, you, Madam

**SHRI DATTATRAYA KUNTE** (Kolaba) : It was nearly 18 months back that the fourteen scheduled banks were nationalised with the intention of removing the regional imbalance and helping backward areas and also the weaker sections of the community. In order that these objectives may be well worked out, after a long time, the Government has come out with a scheme for the management of these banks. But, if we look into the management of these banks, let us see what has happened uptill now. The Government, hoping to see that the banks are better managed, have taken over the control. When they have taken over the control, the Minister patted himself and said that 25 per cent more banks have been opened. There are some hon. Members on my right who have said that more branches have been opened and they are not useful. We should know whether what the Minister says is correct or what Mr. Bajaj says is correct.

I want to bring one point to the notice of the hon. Minister, and to the House. Government appointed leading banks in certain districts. The Bank of India which is a leading bank in my district has not, during the last 18 months, been able to open up one single branch in that district. Why should it be so? Let the Minister look into these things. This is the way things are dealt with. The Bank of India is a leading bank in my district of Kolaba which is near the city of Bombay. But they are not able to open up a single branch in that district. But, the Minister wants to pat himself on his back that 25 per cent more branches have been opened. That is not the correct position.

Regarding the management, I really do not know why we should have 14 nationalised banks. If at all this is to work under Government control, they should have created one single organisation. There is no question of spirit of competition when different banks compete with each other. Because, here, from the Managing Director down to the peon, each person's pay and emoluments etc. are assured. The spirit of competition will be served only when every one working in the organisation is expected to work on his toes which is lacking in the present set-up. When they are assured of their jobs and their emoluments they are not concerned whether the banks work well or not. This is the position.

Therefore, the real remedy should be to have one structure, one single organisation, which works for the whole country. At present 15 members multiplied by 14 different banks—this gives you so many persons who are asked to look after these things. The control is very much dispersed. We can have one organisation to be concerned with all the branches throughout the country. If we have one such organisation aided by regional Boards, I think, we can ensure better control, more control and closer control.

Ultimately, in the Board of Directors, Government is going to appoint as many as 9 of the members—who will be the nominees of the Government. I am sure, with all the good intentions that the Government may have,—it is only the lower official who will be making these nominations. Neither the Minister concerned nor even the top Secretary will be able to apply their minds. I do not know whether the Minister knows even now that a leading bank has not been able to open branches in the district of Kolaba, about which I mentioned earlier. Otherwise he would have said that these are some of the things done, etc. and he would not have patted himself on his back.

This kind of organisation with regional branches will be able to create very close cooperation, coordination and supervision. I hope the hon. Minister will consider this point.

We are talking of the weaker sections of our population. We talk of giving a

[Shri Dattatraya Kunte]

'better deal' to the weaker sections. What is the better deal? As against the rate of interest of taccavi loans, the rate of interest of banks is much higher. After banks have taken over, the rates of interest have gone up as far as borrowings are concerned. Rate of interest given for deposits is just the same. This rate of interest of the borrower has been increased in order to meet the expenses of the working of the banks. The borrower who should really get the benefit of the banking system should not be asked to pay more interest and the interest of the borrower should have been lowered and not increased. This ought to have been done, if the intention of the Government is to make the benefit available to the weaker sections of the community and backward sections. They are talking about Taxiwalas, or rikshawala or small peasant or farm labourer getting loan and all that. It is only an eye-wash. They would not get the loans, and even if they get, they will not be able to pay back those loans, because the rate of interest is so very high. I do not want to talk about the usurious rates of interest, and yet this is something which has actually happened.

It is in the background of this that one has to look at the scheme that has been proposed for the management of the banks during the last eighteen months. I would like to know whether Government have got any information about how these banks are working. Before the banks were nationalised, everybody working in the banks was responsible to someone. But today, the staff do not bother at all as to whether they serve the customers or not. Even assuming that there are only a few complaints which may have been received, if this is the condition, then what is Government's explanation for this state of affairs? Did they take over these banks with the intention of making it one of the departments or branches of Government and making it a State-controlled organisation, or did they do it with some other objective, namely the laudable objective the serving the backward areas and doing away with the regional imbalances and giving help to those who needed it? From that point of view, the scheme does not give any indication at all. It only says that these 14 banks will have 15 members each on the board of management, and there will be

regional committees, so that we have just a structure. So, the scheme does not provide for achieving the objective with which these banks were nationalised. As long as Government do not come forward with such a scheme, I am afraid that this would only mean more proliferation and more Statism being introduced and nothing beyond that. I would, therefore, submit that rather than proceed with the working out of this scheme, Government should withdraw it and introduce only one banking organisation for the whole country with regional controls for the better working of these banks.

. SHRIMATI SHARDA MUKERJEE (Ratnagiri) : The intentions with which these banks were nationalised have, alas, not really materialised. The Reserve Bank of India's report of June, 1970 says :

"It will be the endeavour of the nationalised banks to ensure that the needs of productive efforts of diverse kinds, irrespective of size and social status of the borrowers, and in particular those of farmers, small-scale industries, self-employed professional groups etc. are met in an increasing measure."

After sixteen months, all that we get is just a scheme saying how the boards are to be constituted. Since the interim boards were appointed exactly a year after the nationalisation of banks, the pattern has not very much changed. It seems that about 15 per cent of the boards will be wholly of Government officers drawn from the Reserve Bank of India and the Finance Ministry.

I had hoped that by now something would have been placed before the House regarding the re-structuring of banks and the policies which would be able to achieve the objectives mentioned in the Reserve Bank's report. But instead of that, here we are getting this document which need not have come before Parliament at all, because it just mentions the methods of managing the internal working of the banks. We are more concerned with knowing what the results are.

The results are far from satisfactory. Hon. Members who have spoken before me have spoken about how badly serviced the clients are when they go to the banks and

the other shortfalls of the banks. Certainly, one cannot say that the banks have changed the economy in such a way that there has been any appreciable move towards any pre-determined rate of growth. As far as the deposit mobilisation of banks is concerned, the Finance Minister has stated that from July, 1969 to July, 1970, the foreign banks had mobilised extra deposits to the extent of about 11 per cent whereas the Indian nationalised banks had achieved deposit mobilisation to the extent of 16 per cent more. This may be for the overall period, for one year. We notice that from April to August 1970, there has been a slowing down of mobilisation of deposits. Perhaps the Minister of State for Finance will be able to give us the correct figures, but I read in one of the papers that deposits in Indian banks rose only by 5.8 per cent whereas they have risen in foreign banks by 7.4 per cent during the period April to August 1970.

On the other hand, there has been an upsurge in the price of silver. It is already Rs. 567 a kg., an advance of Rs. 8. One can only hope that it does rise again to touch the peak of Rs. 635 which it did in 1968. Gold smuggling has also registered an alarming increase. If there were in effect proper mobilisation of resources through the banks, these other things which have happened, which I just mentioned, would not have happened.

In this connection, I would quote a small passage from a report which appeared in *Commerce* of 5th December 1970 :

"The Dubai Customs Dept. has reported to the correspondent of the *Financial Times* that the Sheikdom has imported 220 metric tonnes of gold valued at approx. Rs. 180 crores during the first ten months of 1970."

It is estimated that most of this gold was to be smuggled into India. That being so, you can imagine how much gold smuggling there has been into India. We cannot get any official rates. If Government are aware of them, they will not share the secret with us. But it is said that something like Rs. 500 crores foreign exchange is smuggled out of the country every year

by way of silver and gold. This inflow of gold does our economy no good.

In such a situation, the first thing to do is to create in the people a sense of confidence in the banking system as a whole. If the people who go to the banks are not given this confidence that there will be proper service and attention, that the rupee will have a stable value, I am afraid nationalisation of banks saying that you want to get hold of the heights of the economy will only mean that you are dumping the country into the depths of a financial crisis. This is what the country is now facing and Government must really make some concentrated effort to rectify this state of affairs.

First of all, the banks must be given some broad outline of the policy they have to follow. Today conditions are such that even if a man goes to a bank for a short-term loan, the bank says it is not able to accommodate him unless it gets a clearance from the RBI or the Finance Ministry. Therefore, those who go in for a small loan of, say, a lakh of rupees, have to go to the open market.

Secondly, you will find that now more and more private companies are going in for deposits and people prefer to deposit their money with them. To that extent, mobilisation of resources by the banks suffers. What are Government doing to see that mobilisation of deposits is accelerated? What are they doing to ensure a better management? What has been done to see that the priorities, as mentioned in the plan, are observed by the banks? Or do they just go on merrily, giving a loan here and a loan there, just to make a propaganda effect on the public but making really no impact on the national economy.

17.00 hrs.

So we would like from Government some time a policy statement. We had some policy statement off and on from the Finance Minister in one of which he said that self-employed people would be helped, another that the weaker sections of society will be helped and so on and so forth, but in effect it means nothing. Therefore, we would request the Finance Minister to come before the House with a proper policy statement

[Shrimati Sharda Mukerjee]

and proper guide-lines for the banks, so that if I go to the bank and they say they cannot accommodate me, I can say: "Look here, the Minister has said that this has to be done, why can't you do it?" The position today is that the bank does not know what you want and the customer does not know what he should get. This is going to create a tremendous muddle.

Banking is not the only thing. The overall effect on the economy is a rise in wholesale prices, rise in smuggling, rise in unemployment, fall in public confidence and only a marginal gain in your deposits. If it goes on like this, all the good that you can get out of having banking under a central control is going to be vitiated just because it is 16 months now and in that time you have not been able to make up your mind as to what policy you want to follow. It is sort of running with the hares and hunting with the hounds. This sort of thing just does not do in an economic matter.

**श्री रामावतार शास्त्री (पटना) :** महोदय, इस समय हम लोग राष्ट्रीयकृत बैंकों की व्यवस्था सम्बन्धी स्कीम पर विचार कर रहे हैं। इस पर विचार करने के दौरान कुछ माननीय सदस्यों ने सीधे तौर पर बैंकों के राष्ट्रीयकरण का विरोध किया और कुछ माननीय सदस्यों ने घुमा-फिराकर इसका विरोध करने की कोशिश की है। यह बात ठीक है कि बैंकों के राष्ट्रीयकरण के बाद जनता के अन्दर जो आशा बंधी थी, उनके अन्दर आकांक्षायें थीं, उनकी पूर्ति नहीं हुई। आम जनता यह समझती थी, किसान यह समझता था, गरीब यह समझता था छोटे-छोटे कुटीर उद्योग चलाने वाले और उद्योगपति यह समझते थे कि बैंकों का राष्ट्रीयकरण होने के बाद उन्हें उन बैंकों से आसान किस्तों पर आसानी के साथ कर्जा मिलेगा, लेकिन यह बात दिखलाई नहीं पड़ रही है। यह बात ठीक है कि इक्का-दुक्का कुछ लोगों को कर्ज मिल रहा है—देहातों के अन्दर भी और शहरों के अन्दर भी, लेकिन वह दाल में नमक के बराबर है।

उस से समस्या का समाधान नहीं होगा। इसके लिए यह आवश्यक है कि सरकार की इस समय जो पूंजीवादी नीति है, पूंजीवाद को बढ़ावा देने की नीति है, उसमें आमूल परिवर्तन किया जाए, तभी सही मायनों में हम बैंकों का इस्तेमाल आम जनता के लिए, देश की तरक्की के लिए, देश के नव निर्माण के लिए कर सकते हैं। इसलिए मैं आपसे निवेदन करना चाहता हूँ कि इस समय गरीब किसानों को, मध्यम वर्ग के किसानों को, छोटे-छोटे धन्धे चलाने वालों को, कुटीर उद्योग चलाने वालों को कर्ज नहीं मिलता है, जो लोग कारों में जाते हैं, जो लोग सूट-बूट में जाते हैं, उन्हें कुछ ले देकर कर्ज मिल जाता है, लेकिन जो माध्यामिक व्यक्ति हैं, माध्यामिक कारोबारी हैं, उन्हें कर्जा नहीं मिलता है। यह मैंने खुद देखा है—मैंने कई लोगों को चिट्ठियाँ दे-देकर भेजने की कोशिश की, लेकिन कुछ न कुछ बहाना करके कर्ज नहीं दिया गया—यह बात आज हमारे देश के अन्दर, हमारे मूँव के अन्दर है। तो इससे स्वाभाविक है कि लोगों के अन्दर जो दिलचस्पी बैंकों के राष्ट्रीयकरण के बाद थी, वह धीरे-धीरे कम हो रही है—इसलिए मेरा आपसे अनुरोध है कि आप उन्हें कर्जा दिलवाइए।

इस काम में एक दिक्कत होती है—जब वे लोग वहाँ जाते हैं तो इस काम में लगे हुए जो आप के पुराने अफसरान हैं, वे व्यूरोक्रेट अपनी नीतियों में परिवर्तन करने को तैयार नहीं हैं। उनका जो तौर-तरीका है—बातचीत का—उसमें वे परिवर्तन को तैयार नहीं हैं। ऐसी हालत में आप चाहे जितने बैंकों का राष्ट्रीयकरण कर दीजिए अगर आप के अफसरान, आप जो बोर्ड बनाने जा रहे हैं, अगर इनकी विचारधारा वही रहेगी—पूँजीवादी विचारधारा, जनता को हिकारत की दृष्टि से देखना—तो इसका जो लाभ होने वाला है, वह नहीं होगा और इससे लोगों को मायूसी होगी।

आप कहते हैं कि हम टैक्सी वालों को कर्ज देंगे, रिक्शा वालों को कर्ज देंगे, इक्का-दुकका को दिया भी है, हम लोग जब समय-समय पर प्रश्न करते हैं तो आपने जवाब भी दिया है कि हमने फलाने को दिया है, फलाने को दिया है—लेकिन जैसा मैंने पहले ही कहा है यह दाल में नमक के बराबर है। अगर आप चाहते हैं कि किसान आपसे कर्जा लेकर खेती का उत्पादन बढ़ाए, हमको अमरीका और दूसरे देशों से जो गल्ला मंगाना पड़ता है, वह न मंगाना पड़े, तो आप उन्हें बड़ी मात्रा में कर्ज दीजिए, ताकि वे उस धन का अपनी निचाई व्यवस्था में इन्वेंटोरी कर सकें, छोटे उद्योगपतियों और कुटीर-उद्योग वालों को दीजिए—लेकिन इसके लिए आपको अपनी नीति में परिवर्तन करना होगा।

अभी बैंक खोलने की बात आई—मैं पिछले दिनों पटना में इलाहाबाद बैंक के मैनेजर से बात कर रहा था। उन्होंने बतलाया कि हम लोग खोलना चाहते हैं, लेकिन सरकार की तरफ से, कस्टोडियन की तरफ से, बड़े अफसरों की तरफ से यह बन्दिश है कि देहातों में 30-40 रुपये महीने के किराये का मकान खोजो। क्या आज कहां 30-40 रु० महीने का मकान मिलेगा, जिसमें कि आप बैंक रखने लायक व्यवस्था कर सकें? कच्चे मकानों में तो बैंक खोला नहीं जाएगा, फिर इतना सस्ता मकान कहां से मिलेगा—इस दृष्टि से भी देहातों में बैंक की शाखाएँ खोलने में कठिनाई आ रही है।

आप ने जो स्कीम डायरेक्टर बनाने की बनाई है, निदेशक बहाल करने या बोर्ड बनाने की स्कीम बनाई है, कुछ माननीय सदस्यों ने उसे ठीक कहा है। लेकिन मैं यह अनुभव करता हूँ कि वही टाफ-हैथी एडमिनिस्ट्रेशन उसमें रहेगा, बड़े-बड़े व्यूरोक्रेट रखे जायेंगे। इसकी सबसे पहली कमीटी यह होनी चाहिए कि ऐसे

लोगों को मनोनीत करते समय आप यह देखें, ऐसे लोगों को उस बोर्ड में लें, जिनका पब्लिक सैक्टर में विश्वास हो, जो राष्ट्रीयकरण और समाजवाद के सिद्धान्त को समझते हों, उसमें विश्वास रखते हों—ऐसा न हो कि श्री मोरारजी भाई जैसे लोगों को बोर्ड में ले लें, अगर ऐसे व्यक्तियों का बोर्ड बना दिया जाएगा, तब तो फिर बंटा-धार हो जाएगा। इसलिए बोर्ड का निर्माण करते समय इस बात को ध्यान में रखना चाहिए, तभी राष्ट्रीय-कृत बैंकों को आप ठीक चला सकेंगे और इस उद्देश्य को पूरा करने के लिए आप छोटे और मध्यम वर्गीय किसानों, कुटीर उद्योग चलाने वालों, छोटे-छोटे उद्योग चलाने वालों के प्रतिनिधियों को इसमें रखिए। कुछ लोगों ने कहा कि आपने बड़ी अनोखी बात कही है, लेकिन हमें इस बात को नहीं भूलना चाहिए कि आज सबसे ज्यादा कर्जों की जरूरत इन्हीं लोगों को है, यही लोग देश के नव निर्माण में ज्यादा हिस्सा ले सकते हैं, देश को आगे ले जा सकते हैं।

कुछ लोगों ने यह भी कहा है कि पार्लियामेंट के मैम्बरों, असेम्बली के मैम्बरों को इसमें रखिए—अगर आप ऐसा करते हैं तो बहुत अच्छी बात है, वे लोग जनता के प्रतिनिधि हैं और अगर आपके सामने कोई कठिनाई आती है तो वे लोग आपकी मदद कर सकते हैं। आपकी वसूली में मदद कर सकते हैं। लेकिन अगर यह सम्भव न हो तो आप उनको कम से कम भीटिंग्स में स्पेशल इन्वाइटी के तौर पर बुला सकते हैं, वे आपको बता सकते हैं कि कहां कर्जा मिल रहा है, कहां नहीं मिल रहा है, कहां क्या कठिनाई है, इसलिए मैं चाहता हूँ कि उसमें सब लोगों का प्रतिनिधित्व हो और बैंक ठिकाने के साथ चल सके, लेकिन इस समय तो जो आपके कस्टोडियन हैं, अफसरान हैं, वे अपने मन के अनुसार चलने हैं मनमानी करते हैं। मैं इसका एक उदाहरण देना चाहता हूँ—अभी कुछ दिन पहले—पिछले

[श्री रामावतार शास्त्री]

महीने की ता० 21 को मैंने पटना एवं बिहार के अन्य बैंकों के क्लर्किंग हाउस की हड़ताल के बारे में यहां पर बहस उठाई थी। वहां का क्लर्किंग हाउस चार महीने तक बन्द रहा—बड़ी मामूली बात थी—4 कर्मचारियों को मुअत्तल कर दिया गया था। वहां की बैंक एम्प्लॉइज एसोशियेशन ने यह मांग की कि इस मुअत्तली को बिना शर्त उठा दी जाए, लेकिन आपके कस्टोडियन और दूसरे बड़े-बड़े अफसरों ने कहा कि नहीं उठायेंगे। अन्त में वही बात हुई—एसोशियेशन के लोगों की बात मानी गई और बिना शर्त मुअत्तली उठाई गई। इससे खामखाह चार महीने तक बिहार के उद्योग धंधों को जो नुकसान पहुंचा उसकी जवाब देही किस पर है—आप के ऊपर है, आपके कस्टोडियन पर है। और इस तरह की व्यवस्था रहेगी तो कैसे बैंकों का काम चलेगा। करोड़ों रुपयों का नुकसान बिहार के उद्योग धंधों को, बिहार की जनता को, किसानों को, मजदूरों को उठाना पड़ा। ऐसा नहीं होना चाहिए—आपको इसके लिए उचित व्यवस्था करनी चाहिए।

आखरी बात महोदया, बैंक कर्मचारियों के प्रतिनिधि आप बोर्ड में ले रहे हैं। आपने कहा है कि हम यूनियनों की सदस्यता का वेरिफिकेशन करेंगे। लेकिन वेरिफिकेशन का जो आलम ट्रेड यूनियन्स में है उसका अन्दाज आपको है। वेरिफिकेशन के नाम पर ऐसे लोगों एवं यूनियनों को मान्यता दे देते हैं जिनके पीछे मजदूर नहीं रहते हैं। इसलिए गुप्त मतदान के जरिये यह तय करना चाहिए कि बैंक एम्प्लॉइज के कौन सही रिप्रेजेंटेटिव हो सकते हैं और उन्हीं को चुनना चाहिए। अगर आप ऐसा नहीं करेंगे तो दिक्कत होगी और सही मानों में बैंक कर्मचारियों के जिन प्रतिनिधियों को जाना चाहिए वे नहीं जा सकेंगे। इसलिए इस बात का सवाल आपको जरूर करना चाहिए। तभी आपको बैंक कर्मचारियों का कोआपरेशन मिल सकेगा। हां, अगर कहीं

पर बैंक के काम में ढिलाई हो या एफिसिएन्सी में कमी हो तो मैं उन लोगों में से हूँ जोकि इसके विरोधी हूँ और जो चाहते हैं कि ऐसा नहीं होना चाहिए। बैंक एम्प्लॉइज एसोशियेशन को और सभी को यह देखना चाहिए कि बैंकों की एफिसिएन्सी में कमी न आए और उसके साथ ही भ्रष्टाचार को रोका जाए। यदि आप उनकी मांगों को ठीक से मानेंगे, उनकी कठिनाइयां दूर करेंगे तो मेरा विश्वास है कि बैंक एम्प्लॉइज आपका अपना पूरा कोआपरेशन देने के लिए तैयार हैं।

मैंने अपने संशोधनों के जरिए से इन बातों को कहने की कोशिश की है और मेरा अनुरोध है कि उनको आप स्वीकार करें।

17.11 hrs.

[SHRI K.N. TIWARY in the Chair]

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI VIDYA CHARAN SHUKLA): Mr. Chairman, I thank the hon. Members for participating in this debate and giving valuable suggestions. During my reply I may not be able to deal with each and every suggestion that the hon. Members have given. But I can assure them that all the suggestions that have been given will be closely and carefully scrutinised by us to see what benefit we can derive out of them and what improvement we can make in our scheme in the light of those suggestions. I would like to give some clarifications on some of the salient points made during this debate.

Shri Viswanatham, when he opened the debate, complained about over-centralisation and said that the banks have to wait for instructions from Delhi before they take decisions even in matters which are not very important or serious. I do not think there is much substance in this complaint. There may be instances here and there where the local manager or local officer had some hesitation in taking a decision but, by and large, our experience has been that decisions have been taken in accordance with the banking practice. In certain cases we did receive these complaints that in one or two institutions the custodians tended to

centralise powers in their hands. But this situation was quickly corrected and I can assure the hon. Members that as a matter of policy we are against this kind of centralisation. In order that the banks function in a proper way it is necessary that the duties and responsibilities at every level of the bank should be properly spelt out and everybody working in the banks should be told the duties and responsibilities which they are supposed to have. Unless we have that kind of system, especially in the nationalised banking institution, it would not be possible for us to deliver the goods to the people of this country. So, our endeavour would be to see that in accordance with the scheme that we have placed before the House we provide for an efficient decentralised system, which will be in keeping with the spirit of the scheme and the spirit of the Act that this House has passed.

The other complaint of Shri Viswanatham was about the delay in the implementation of this scheme. Several other hon. Members referred to this. Shri Patodia said that while this matter was being discussed an assurance was given that a scheme would be brought forward and when the second time this matter was discussed after the Supreme Court judgment an assurance was given that the scheme would be brought before this House within two or three months after the Act has been passed. I have checked up the records and I find that the late Shri Govinda Menon, who was then piloting the Bill, said that within six months a scheme would be brought before this House.

This Act was passed by the House, as far as remember, on 31st March and the period of six months was over only on 30th September. But we did not want to publicise this scheme when the House was not in session. We wanted to present this scheme when the House was in session. As soon as the next possible opportunity was presented to us, when this session was convened, we presented the scheme to the House for discussion. So, I do not think that there has been any inordinate delay.

It is another matter that it could have been done in three or four months' time.

Looking to the novelty of the situation and the complete reorientation that we are doing in this vital field of economics, it was necessary that we should give the most careful thought to this matter. It is only after it has been given the most careful consideration and we have consulted competent bodies and individuals here and there, that we have devised this scheme. The last and the most vital phase of consultation is these two Houses of Parliament where we have presented the scheme. Hon. Members have taken pains to give us some valuable suggestions and their comments on this scheme.

It is wrong to say that this scheme has been finalised by bureaucrats. It is absolutely a travesty of facts to say that, because we as the Government responsible to this House cannot say—no Member can say—that that we have no responsibility for whatever we bring here or that we have no hand in it. As a matter of fact, for each clause of this scheme not only are we responsible but we have had a full share in decision making. We have the responsibility of whatever has been stated in this scheme. Ultimately, after this scheme is approved by this House, this House will share that responsibility because only after the approval of this House we shall be implementing this scheme.

Several hon. Members have raised the question of loans that have been given to the underprivileged and weaker sections of our society and the self-employed people. Later in my reply I shall refer to certain figures that we have collected about this and, I am sure, they will satisfy that in the time that we had at our disposal we have not functioned badly in that sphere. We have really for the first time helped not only the underprivileged people but unbanked and underbanked areas have for the first time been given enough attention by the banking authorities. There may be snags and flaws here and there; I do not deny that.

The main thing that has to be seen is whether we are following the policy in a proper way or not, whether by and large our policy is being properly implemented or not. If in the implementation of the policy that the House has laid down in the shape of the Act and in approving this scheme we

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have not acted up to that, we shall be answerable to the House. But I would say that the figures that we have here in our possession bear out that by and large the responsibilities that we have taken over after nationalising these major banks, we have to a good extent fulfilled our responsibility.

Shri Sudarsanam, who spoke next, mentioned about managing directors, chairmen, wholtime directors etc. Shri Narayana Rao also made a mention about the powers of the managing directors. I would like to invite his attention to clause 6 of the scheme that has been laid before this house, which lays down that the managing director shall exercise such powers and discharge such duties as may be delegated to him by the Board. It is not that the managing director will have absolute powers in these matters. It is not that these people will be autocrats in the Bank. It will be the Board of Directors of the Bank which will really decide the major operations of the Bank.

One point that was made by Mr. Patodia was that after nationalisation, the functioning of the Reserve Bank has been downgraded and the importance that the Reserve Bank had in the economic functioning or economic sphere of this country has been whittled down. I respectfully want to submit that this is not true. The Reserve Bank has been given the responsibility to oversee the banking operations in the country and that responsibility has not been whittled down to any extent whatsoever. It is not the intention of the Government to whittle down that responsibility. The hon. Members know that by the law enacted by Parliament, the Reserve Bank has been given certain powers and authorities which are the statutory obligations of the Reserve Bank itself and they have to fulfil the responsibility. The Finance Ministry by an executive fiat or by an executive action cannot take away anything out of that. Therefore, this is not a correct impression that the Finance Ministry is interfering in day-to-day administration or that we are trying to take away the responsibility that has been reposed in the Reserve Bank to

any extent. I would like this matter to be clearly understood.

SHRI KAMALNAYAN BAJAJ : Is it not that the Finance Ministry is going to appoint the Chairman or the full-time Director or the Managing Director only in consultation with the Reserve Bank ? Why do you appoint these persons ? Why not the Reserve Bank do it ? Under the social control of banks, it was not done by the Ministry.

SHRI VIDYA CHARAN SHUKLA : I do not know how the hon. Member can make a suggestion of this kind. The Government which is responsible to this House should assume the responsibility of appointing the Boards. An institution which is not responsible or answerable to this House should not be given an exclusive power to do that kind of thing. Why not the Government which is answerable to this House and accountable to this House have the power so that you can always question us whether we have done a right thing or a wrong thing ? We do not want to do things in an undemocratic fashion. We do want to see that Parliament has its due share in seeing that the nationalised banks are run properly, the Boards of Directors are constituted in a proper manner and that we have the full responsibility in constituting them in a proper way. (*Interruption*) Let us not have a running dialogue. After I have finished, if the hon. Members wish to ask questions, I will be happy to answer them.

Another point that was raised by Mr. Patodia and some others was regarding the borrowers. I will come to figures later on as to how the borrowing has been diversified and what we have done in this matter. But it is wrong to say that small borrowers are dissatisfied or they are not happy with the functioning of the nationalised banks. This is some kind of a propaganda that is going on. I do not mean to say that the hon. Member was indulging in that kind of a propaganda. But this kind of propaganda has been going on in newspapers and all that. This kind of a thing has been said. But it is not correct. As a matter of fact, small borrowers for the first time have a

chance to get borrowings from any bank. Before this, they never had a chance.

Then, the complaints have been made of corruption. It is for the first time that the functioning of the banks has come in public limelight and it is for the first time that the accountability of banks has come to this House or to the nation. I can say that corruption in the banks has not increased from the period when they were in private hands. It is absolutely wrong to say that corruption has increased in the nationalised banks after nationalisation. It is not connected with the facts at all. I cannot say that there are no instances of corruption. There can be many instances of corruption that can be pointed out. But if we were to appoint an impartial authority to go into corruption that was indulged in right from the top to bottom in banks when they were in private hands and now, after they have come under public control, after they have been nationalised, it will be easier to find out that today corruption would be much less than it used to be when the banks were in private hands. So, Sir, this kind of propaganda, this kind of a whispering campaign against the nationalised banks could not be continued in the country. We are not closing our eyes.....(*Inter-ruptions*) to this evil. There are possibilities that there would be corruption here and there. When the branch expansion programme goes on, when we put new people in new areas and practically not thoroughly trained people and or the people who have not had sufficient experience in banking are put in charge of banks, a new segment of our population who had nothing to do with the banking so far comes into play or comes into contact with the banking facilities and the banking facilities are made liberal and made widespread, then it is likely that some corruption may creep in here and there. We are making provision for creating vigilance cells in each nationalised bank. We are also trying to see that the Vigilance Commission of India has some say in these matters. So, not that we are oblivious to this evil, not that we are oblivious to what is happening here and there, but to say that after nationalisation corruption has increased is a complete hearsay.

SHRI BAL RAJ MADHOK (South Delhi) : Question.

SHRI VIDYA CHARAN SHUKLA : That one who really believes in democracy should go on the basis of this hearsay and on the basis of one or two instances make a general statement that corruption in nationalised banks has increased.....

SHRI BAL RAJ MADHOK : Are you prepared to hold an inquiry into this matter ?

SHRI VIDYA CHARAN SHUKLA : As a matter of fact, into each complaint we have received, we have held an inquiry and into each instance of corruption that has been pointed out, we have held an inquiry. In certain cases there was some truth in the complaint, but, in most cases, there was no truth in the complaint that was made to us.

Mr. Patodia made a very learned speech and he has made many points. He also made a plea for regional representation in the Board of Directors. I don't think that such regional representation would be to the good of the banking organization or banking business in the country.

SHRI D. N. PATODIA (Jalore) : Please excuse my indulgence. Sir. I did not suggest regional representation.

SHRI VIDYA CHARAN SHUKLA : Then, Mr. S. M. Banerjee also made an equally learned speech after Mr. Patodia. As a matter of fact, he answered many of the points raised by Mr. Patodia. So I am not going to take the time of the House to go into all those points that Mr. Patodia made. Mr. Banerjee in a very effective... ..

SHRI BAL RAJ MADHOK : A good ally.

SHRI VIDYA CHARAN SHUKLA : Shri Nawal Kishore Sharma also referred to many good points in this scheme and the improvements that are necessary. He has made very valuable suggestions. He also indicated the unbanked areas or under-banked areas like Assam, Orissa, Madhya

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Pradesh and Rajasthan where more banks should be opened and more attention should be paid. We shall give the most careful consideration to the points that have been made by Shri Nawal Kishor Sharma.

After that, Shri Kothari made some observations regarding the points which many other hon. Members also spoke and that was about efficiency, delay in presentation of accounts and banks in unbanked areas. He also said that certain branches are operating on loss and we should take steps to make them profitable. This is a good suggestion. Sir, it is inevitable that in the initial stages when branches are opened in areas where banking is not known or people are not familiar with banking, they will make some losses. But we shall surely do our best to see that these banks become profitable as quickly as possible. He said that the bureaucratisation of the Boards of Directors should be avoided. There were other references made to the effect that the existing banks have as much as 60% of Government officials on the Board of Directors. It is not correct. You will see that as at present as they are constituted, if there are 5 or 7 Directors, there are only two officers—one officer of the Ministry of Finance and another officer representing the Reserve Bank of India. So, I want to say emphatically that there is no question of any over-bureaucratisation at all.

In the new scheme that we have, out of 14 or 16 directors, only two will be from the Government: one from the Reserve Bank and another from the Government side. Others will be from other walks of life and other spheres. Therefore, the fear of bureaucratisation is unfounded and the hon. Member would do well to get rid of this fear.

A suggestion was made about the appointment of nominees of workers' representatives by a secret ballot. I don't think this is going to serve any purpose. This practice has not been adopted in our trade union field so far. Therefore we do not want to make a beginning with this. We have a very strong trade union in the banks. It is a very healthy thing. It is not only the function of the trade unions

to look after the interest of the workers and their wages and emoluments, but they should also see that the banks function according to the scheme of Nationalisation and that these banks succeed, and they serve the people with the necessary efficiency. I hope the trade unions which control various banks and bank workers will take due note of these observations expressed by hon. Members in Parliament and will fulfil the historic role which has been imposed on them by this scheme.

An hon. member referred to the Board of Directors and said that the Board of Directors should be given complete autonomy. That is certainly done. Under the scheme they are sure to enjoy the autonomy that is needed for the efficient management and there is absolutely no difficulty in that regard.

Shri Maran suggested that the custodians or Chairmen of the banks be asked to declare their assets annually. That is a good suggestion. We shall examine this further.

Shri Bajaj referred to the problem of dealing with Government business and he suggested that apart from the State Bank of India, the other Nationalised banks should also be allowed to deal with Government business. This is a constructive suggestion and we shall examine it, and I think we can even accept it, in principle. In regard to this suggestion of Mr. Bajaj, we shall see how it could be implemented.

Shri Bajaj said about allowing the erstwhile banks to do banking business.

**SHRI KAMALNAYAN BAJAJ :** If they want to.....

**SHRI VIDYA CHARAN SHUKLA :** I understand that the banking company of which the hon. Member was the Chairman that is, Punjab National Bank has made an application to the Reserve Bank of India to undertake some banking business. They have got Rs. 10 crores as compensation. Now, this Rs. 10 crores has been taken in the name of the shareholders and it has not been distributed to the shareholders. They want to retain that and go into banking

business again. I do not know what good is going to come out of this attitude.

**SHRI KAMALNAYAN BAJAJ :** If this will be done, this will be done with the permission of the shareholders.

**SHRI VIDYA CHARAN SHUKLA :** You can reserve interruptions till the end when I finish. I don't think the hon. Member has understood the spirit of the scheme. One has to see what is the intention of this honourable House and what is the prevailing climate in the country, and if this is done, I think, one will not raise points like these. It is no use raising such kinds of points, particularly when the company concerned was under him and it was his company where in the exercise or discharge of his function as.....

**SHRI KAMALNAYAN BAJAJ :** It is not my company. I do not have much shares there either. I was appointed a chairman of that company by the previous Finance Minister. This is a personal allegation which he is making.....

**SHRI VIDYA CHARAN SHUKLA :** There is no personal allegation.

**SHRI KAMALNAYAN BAJAJ :** It is not my company. I was appointed a chairman of the Punjab National Bank by the previous Finance Minister Shri T. T. Krishnamachari. I had refused to go there twice or thrice. The hon. Minister can make a reference to him and find out. It is not my company.

**SHRI BAL RAJ MADHOK :** Is it not a fact that the Supreme Court in their judgment had given permission to these banks, if they so wanted, to do other banking business or start other banking business ?

**SHRI VIDYA CHARAN SHUKLA :** Shri Randhir Singh spoke very patiently for the small farmers, as he always does, and I congratulate him on his constructive and valuable suggestion and for importing a constructive spirit into this debate. I can assure him that we shall give most careful consideration to the valuable suggestions that he has given. \*

Shri Lobo Prabhu gave some figures regarding deposit mobilisation etc. to which I shall come a little later.

\* Shrimati Sharda Mukerjee mentioned certain things about the Boards of management, and said that about 50 per cent of the directors in the interim boards are officials. If the hon. Member will closely scrutinise the list of the directors of the interim boards of management and those under this scheme, she will find that it is not so. The number of officials now is much less. Actually, we have kept that number to the barest minimum, as far as the boards of Directors are concerned.....

**SHRIMATI SHARDA MUKERJEE :** May I ask him one question ?.....

**SHRI VIDYA CHARAN SHUKLA :** Regarding branch expansion, I shall deal with certain salient features and mention what we have been able to do in these 24 months, or in these 20 months since the banks were nationalised.

**SHRIMATI SHARDA MUKERJEE :** What is this, Sir ? He is going on like a railway train and he is not even yielding to hear the question.....

**SHRI VIDYA CHARAN SHUKLA :** I have to go on because the time at my disposal is limited. Anyhow, I shall yield to my lady Member.

**SHRIMATI SHARDA MUKERJEE :** Is it not a fact that out of 87 members in the board of directors, 14 are Government officers or officers from the Reserve Bank ?

**SHRI VIDYA CHARAN SHUKLA :** I had yielded to the lady, but I shall answer her question at the end of my speech. Since she was getting angry with me, therefore, I thought that it would be better to yield, and, therefore, I yielded, but I am not answering her question now.

After nationalisation, the banks have branched out into rural areas and unbanking areas at a very fast pace. After 14½ months of nationalisation, 1965 new branches have been opened, and this works out to an average rate of 135 branches per month,

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and 67 per cent of these branches are in the rural areas. This should really gladden the hearts of people like Shri Randhir Singh and others who are always advocating the cause of the rural population.

Regarding the lead bank scheme to which some hon. Members have made a reference, I would like them to understand the implications of the lead bank scheme. Shri Dattatraya Kunte mentioned that in spite of the fact that 14½ months had elapsed, and a certain leading bank had been designated for the Kolaba district, that leading bank had not opened even a single branch in his district. But I would like to ask him whether no other bank has opened a branch there. It is not that the branch will be opened only by the leading bank which has been designated for that district. It is not that that leading bank alone will have the privilege of opening a branch in that district. The other banks also can open their branches there. But the lead bank will make a survey, co-ordinate with other banking and credit institutions like co-operative societies or co-operative banks and definitely act as a catalytic agent to see that there is proper economic development in that area. But that does not mean that that bank will have the monopoly to open branches in the particular district where it has been designated the lead bank. So if the lead bank in Kolaba as district has not opened new branches there, it does not mean that there has been no bank branch expansion there. The Reserve Bank is going into the working of the lead bank scheme and if, necessary, we shall correct the lacuna and improve its working.

Certain members were concerned about the rate of deposit mobilisation. I think it is wholly justified. In view of the growing demand from banks, the need for deposit mobilisation has assumed special urgency. We do want there should be greater and greater deposit mobilisation. Here I would give some figures which will show what we have so far done in this direction. Between the last Friday of December 1969 and Nov. 30, 1970, the deposits of the 14 banks have increased by Rs. 406.4 crores or 14.9 per cent as against Rs. 323.9 crores or 13.7 per cent in the same period in 1969. For the public sector banks as a whole, that is, the

SBI with 7 subsidiaries and the 14 nationalised banks, the deposits increased in the said period of 1970 by Rs. 643.6 crores as against Rs. 456.2 crores in the corresponding period of 1969, that is, by nearly Rs. 200 crores more. The deposit growth of the public sector banks in 1970 till November has been faster than of all other foreign banks or other Indian scheduled banks, even making allowance for the merger of one bank, the National Bank of Lahore with the SBI early this year, which resulted in addition of about Rs. 8 crores to the deposit of the SBI.

These figures show that the effort at deposit mobilisation has not been in vain and it is bearing fruit. In the beginning, there was some difficulty, but now it is picking up and with the help of the hon. members and general picking up of the economy, we are sure the momentum already registered will be further accelerated.

Another important thing done by the nationalised banks is credit diversification. All members who spoke have made some suggestion or other in this regard. We shall, as I said earlier, definitely take note of the suggestions.

But as regards lending policy, I would say that we have become very liberal. It is our policy to see that the weaker sections, the under-privileged sections, self-employed people, students and so on get greater and greater attention from the banks.

I concede that the money in the banks is a sacred trust with them. We do not want to play with that money. Most of it belongs to small people and nobody, particularly Government, cannot take this matter lightly. The schemes we have devised are such as will ensure that the money is put under no risk when giving help to people in agriculture, small industry, road transport, small business people, self-employed and unemployed people, engineers, people in education and so on. Between July, 1969 and August, 1970 the number of these accounts has increased from about 2,70,421 to 10,23,069. You can see the amount of increase in these accounts that has taken place in these 14 months. That shows how well we have done in this respect.

Several hon. Members made a suggestion regarding differential interest rates for small borrowers. This point was actually mentioned by the Finance Minister himself when the meeting of the Custodians of the nationalised banks was held. This matter is under examination in consultation with the Reserve Bank, and we have accepted this in principle that small borrowers from the weaker sections of society should get loans at a lesser rate of interest. That could be made up probably by a little higher rate of interest from such sectors which can afford that. This will have to be very carefully worked out so that it does not have any adverse effect on our general economic situation.

We are making also special schemes for giving facilities for generation of employment. Any scheme or plan which would generate employment and lessen unemployment in the country will be given the most serious and top priority consideration by the banks. We have appointed a committee to go into this matter and draw up a scheme carefully and give us its suggestions as to how this particular decision that we have taken in principle can be implemented. We are expecting the report of this committee very shortly.

About the safety of the bank loans that are given, we have also devised a comprehensive credit guarantee scheme which will be instituted, which will cover lending by eligible institutions including commercial banks, central co-operative banks and central institutions upto specified limits to small borrowers. This is meant to see that there are no unnecessary or unwanted irritations to small borrowers, that they get their loans properly and still there is no danger to the funds of the bank.

Another thing that we have to see, which is our responsibility and which was not done until the banks were nationalised, is credit appraisal. We must see how the money that is taken out of the banks, particularly by big business and big industrial houses, is utilised. Previously, because they could give adequate guarantees and securities, they could get any amount of money and they could put that money to any use they wanted. Because they could give adequate security and adequate cover was available, there was no

dearth of credit facilities to these houses and these businessmen. But now we have decided to take very special care and exercise vigilance about these large borrowing accounts to find out how this money is used, the real purpose for which this money is used. The Working Group II report of the National Credit Council came to the finding that the banks' lendings to industry and trade have been running at a rate higher than what production needs justify. Therefore, we have decided upon certain measures to see that these credits which are given for the legitimate needs of industry and trade are not misused for wrong purposes. Firstly, we have decided that a commitment fees would now be levied on a quarterly basis at the rate of one per cent on unutilised limits of over rupees one lakh. The second and more important thing is the re-vamping of the credit authorisation of the Reserve Bank. We are making this scheme more elaborate, so that proper checks are effectively implemented.

Sir, another age-old problem that we have been facing in our economic life was regarding the big industries taking credit in one form or another form more than one bank at the same time. It has been difficult for anyone of the banks concerned to judge all the implications of the total credit limit being availed of by the borrowers from different banks and non-banking sources. We have formed a co-ordinating committee of public sector banks and now, we have set up a working group to prepare a drill for exchange of information among the banks, so that this malpractice among the large business-houses does not continue any more and a proper control is exercised and to see that the borrowing from the nationalised banks is done in a proper manner and for purposes which are valid and are in the interests of the country and in the interests of trade and industry.

The hon. House already knows about the directions that the Government have given about the transfer of shares pledged with the banks, etc., I am not going into the details of that particular matter.

Shri Kothari has moved an amendment and also mentioned in his speech about instituting a committee to review the organisational structure and the internal

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audit system of the nationalised banks. He will be glad to know that we are thinking of setting up a committee like this for a few nationalised banks to go into the matter and I think that with the full co-operation and support of the people concerned, we shall be able to go into the matter and correct the lacunae which might be found here and there.

With these remarks, I think I have covered most of the points that the hon. Members have made. I think the country and the House will, in the same spirit in which they hailed the bank nationalisation measure, approve of this scheme which has been brought forward in order to give effect to the Act that this House has passed. I hope this House will give its wide support to this scheme.

SEVERAL HON. MEMBERS *rose*—

SHRI D. N. PATODIA : Some clarifications are necessary.

SHRI KAMALNAYAN BAJAJ : We should ask some clarifications, (*Interruption*) Ask the Minister whether he himself will not give the assurance. (*Interruption*)

**सभापति महोदय :** आप लोग इसमें काफी बोल चुके हैं, अब किसी क्लरिफिकेशन की जरूरत नहीं है।

SHRI S. KUNDU : May I ask a clarification? He dealt with Shri Patodia's various questions for about half an hour, but he never took up the points that I raised. He took up Shri Patodia's points and then Shri Kothari's points, but left me in the lurch in between, I want to ask one clarification about the deposits to which he replied at length. I had asked repeatedly why the rate of growth of deposits has fallen down. I wanted an explanation from him. He said that the rate of growth of deposits was much better than in the foreign banks. The rate of growth in deposits in the foreign banks has fallen down hopelessly. There is no doubt about it. I gave some figures in this connection, showing that the rate of growth was 16 per cent about two years back and it has come down to 11 per cent. He has to explain it.

Secondly, I gave a suggestion about opening of 50,000 branches of these banks. He never touched that point. He must tell us what are the difficulties and why it cannot be done. I said that it will give an employment potential to about 2.5 lakhs of people. He never touched that point. I had also referred to salary, allowances and perquisites.

MR. CHAIRMAN : Mr. Patodia.

SHRI D. N. PATODIA : I want a clarification on three points.

SHRI S. KUNDU : Let him reply to my points. This is how you complicate matters. It is impossible for the Minister to remember everything.

MR. CHAIRMAN : Every point is important. Let all the Members put their questions, and he will give the answers. Let us not waste the time of the House.

SHRI S. KUNDU : How can he remember all those points?

SHRI RANDHIR SINGH : All the questions should be put together.

SHRI D.N. PATODIA : Mr. Chairman, in my speech as well as in my amendment I have mentioned that while appointing directors consultation should be held with bodies which represent depositors because they are vitally concerned with the decisions taken by the directors and they number more than one crore. Therefore, I wanted a clarification from government that although he may not accept it as binding on the government there should be some sort of consultation.

With regard to the farmers, the Minister dismissed my suggestion by saying that it is regional representation. There is a difference. In India the interests and problems of the farmers differ from area to area. Suppose a farmer is elected or nominated from the north, he will not be able to represent the farmers of the south. Therefore, a clarification is necessary.

Thirdly, although the Minister has dismissed my suggestion for giving powers to the Reserve Bank for the appointment of Chairman and Managing Director, let him give an assurance that in the matter of appointment of Chairman and Managing Director the consultation with the Reserve Bank will be given due weight and will not be dismissed simply as a formal consultation.

**SHRI TENNETI VISWANATHAM** (Visakhapatnam) : I raised a point about the schemes which the government are making about loans to middle class and small borrowers. At present such schemes are not made public ; that is to say, they are not made available to the borrowers. The borrowers should know exactly the guidelines of government for giving these loans.

Secondly, I have mentioned in my speech as well as in my amendments that so far as the representation of employees other than workers in the Board is concerned, instead of consulting the Reserve Bank the recognised associations might be asked to give a panel of names from whom they can select one and that was my amendment I would like the Minister to say that he accepts it.

**SHRI S.A. DANGE** (Bombay Central South) : Is Government thinking of taking any steps to stop the custom or practice of giving clean credit of several crores of rupees to one or two person ? That practice exists. Since its abuses are known, are Government taking any steps to curtail that ?

Secondly, has the Government taken any steps to rule out the new practice of certificate of deposits by which a certain foreign bank has circumvented the rules regarding limitation on the rate of interest and the question of mortgages ?

Thirdly, recently it was known that the American Government and the Federal Reserve have taken note of the fact that illegal transfer of profits is taking place and accumulating in the secret accounts of the Swiss banks and the American Government have requested the Swiss Government to stop this practice of secret accounts in the Swiss Banks. Will the Government of India

and the Reserve Bank make a similar request to the Swiss Government and the Swiss banks ?

**SHRI KAMALNAYAN BAJAJ** : The Minister was kind enough to accept in principle one of my suggestions that the deposit of the Central and State Governments should go not only to the State Bank but also to the other nationalised banks. I had further suggested that subsidy for opening rural branches should also be given to nationalised banks, as is being done in the case of State Bank. They should be treated equally in all respects.

Then the Minister said that there is propaganda against the nationalised banks from some quarters. But there are some people who are genuinely interested in giving their advice and experience to the nationalised banks. But they are now treated as 'non-committed people' or reactionaries and their advice is not taken merely for political reasons. Has the Minister come across such propaganda and, if so, what steps he has taken to check it ?

Then I would like to correct an impression. The Minister stated that the Punjab National Bank belongs to me. Let me make it clear that I do not have half a per cent shareholding there. I was made the Chairman at the request of the previous Finance Minister, Shri T.T. Krishnamachari. I refused it twice. Thereafter, he requested me again and I accepted it. I have no substantial interest in that bank, nor am I the Chairman now. But it is my duty, as long as I am there, to serve the shareholders. I must clarify that, because there was that allegation.

**SHRI VIDYA CHARAN SHUKLA** : I only said that you were the Chairman of the Bank.

18.00 hrs

**SHRI SARDAR AMJAD ALI** : I raised a point about the simplification of the procedure for production of non-encumbrance certificate before the bank for which the poor villager has to go to the court, to the lawyers and to the registration office. My suggestion was to get it verified through the

[Shri Sardar Amjad Ali Khan]

bank and the Government officers itself. I require a clarification of that.

**श्री मु० अ० खां (कामगंज) :** मैं मन्त्री जी से यह जानना चाहता हूँ क्या रिजर्व बैंक ने कोई ऐसा सर्कुलर निकाला है जिसकी रू से बैंकों को डायरेक्शन दिए गए हैं कि वे अपने एरिया के बाहर लोन एडवॉन्स न करें या उन दख्खानों को डील न करें ? मैं इस सम्बन्ध में मन्त्री जी से मिल भी चुका हूँ और एटा की स्टेट बैंक और कामगंज की स्टेट बैंक के एजेन्टों से टेलीफोन पर बात भी की थी तो उन्होंने बताया कि रिजर्व बैंक से ऐसा सर्कुलर है कि दस मील के बाहर लोन एडवॉन्स नहीं करेंगे । तो मैं जानना चाहता हूँ कि वह एरियाज जोकि बैंको से दस मील के बाहर है उनको फायदा पहुँचाने के लिए आपकी क्या स्कीम है और जैसी कि आपकी स्कीम थी कि दस हजार से ज्यादा पापुलेशन पर बैंक खोल जायेंगे—इसके सम्बन्ध में मैंने लिखा भी है जिसका अभी कोई जवाब नहीं आया है, उसमें मैंने सजेस्चन्स दिए हैं—तो क्या आप बतायेंगे कि बैंकों का यह एक्सपेंशन कब तक होगा ?

**SHRI MURASOLI MARAN :** The hon. Minister stated that workmen in the banking industry are well organised. I accept that. So also are employees other than workmen. In the selection of directors why should he adopt one method for workmen and another method for employees other than workmen ? I want an explanation for that.

Secondly, I referred to the salary structure now existing in the 14 nationalised banks. Will he give a statement that no Government servant in the banking sector will receive more than the Reserve Bank Governor ?

Thirdly, regarding the consultative committee, now they have no power. Will he give an assurance that it will be reorganised and revitalised like the local boards of the State Bank of India ?

**SHRI VIDYA CHARAN SHUKLA :** In the beginning of my speech I had made it clear that I would not be able to cover all the points that hon. Members had made but I am particularly sorry that I forgot to mention the valuable contribution that Shri Kundu made to the debate.

He has mentioned the question of the rate of growth. I have already dealt with it in detail in my answer. About deposit mobilisation I have given the figure of 14 per cent and all that. If you want, I can again read out the figures.

**SHRI S. KUNDU :** I wanted the reasons. You did not give any reason.

**SHRI VIDYA CHARAN SHUKLA :** Shri Patodia asked for an assurance from me that consultation with the Reserve Bank of India regarding the appointment on the board of directors will not only be not formal but in substance. I fail to understand how an hon. Member of Shri Patodia's knowledge of financial matters and financial circles could ask a question like this because the Reserve Bank have been given certain very grave responsibilities in this field and no Government can afford to take lightly the role of the Reserve Bank of India in such matters. Therefore the answer is self-evident. The most serious consideration will be given to whatever suggestions the Reserve Bank has to make in such matters.

Shri Viswanatham wanted to know what we were doing to publicise the various schemes that we have made for the small creditors, borrowers and the public. I see that the various banks do publicise from time to time in the newspapers and periodicals the schemes that they make. They have also taken out hand bills and other kind of literature to try to tell the borrowers or the people who can use the funds or who can utilise the new schemes that the Banks make. But I will take his suggestion. We will re-examine how effectively we can do it and whether we can improve upon it.

Several questions were asked by my hon. friend Mr. Dange. I am sorry at this moment I will not be able to answer any of those questions.

**SHRI S.A. DANGE :** Why ?

**SHRI VIDYA CHARAN SHUKLA :** Because I am not prepared obviously to deal with those questions. But we shall take note of them.

Shri Kamalnayan Bajaj has already clarified the matter. I did not allege that he was the owner of the Punjab National Bank. He was only the Chairman. Then, he wanted to know about the propaganda carried on against reactionaries, the people who were opposing the bank nationalisation. I do not think this is a propaganda. This is a hard truth which is spoken about such people who opposed bank nationalisation as being called reactionaries. This is a general thing about reactionaries. This is not a propaganda.

About the 10-mile limit, it is true that there is a system by which we say that the banks normally should not extend credit facilities beyond 10 miles from its nearest branch. This is done so that effective control can be exercised by the banks on the people who are given the credit facilities. The real solution to this problem is to open more and more branches and we will see what can be done about it.

The last point that was made by Mr. Maran was about the salary of the Custodians of several banks who are receiving more salary than that of the Governor of the Reserve Bank. This is a question which must receive our serious consideration. I would like to assure him that we are already paying attention to this matter and we will set matters right very soon.

**MR. CHAIRMAN :** May I put all the motions together ?

**SOME HON. MEMBERS :** No. separately.

**MR. CHAIRMAN :** All right. I first put Motion No. 1 in the name of Shri Tenneti Viswanatham.

*The motion was put and negatived.*

**MR. CHAIRMAN :** Now, I put Motion No. 2 in the name of Shri Patodia.

*The motion was put and negatived.*

**MR. CHAIRMAN :** I now put Motion No. 3 in the name of Shri Banerjee.

*The motion was put and negatived.*

**MR. CHAIRMAN :** Then, I put Motion Nos. 4 and 7 in the name of Shri Maran to the vote of the House.

*The motion were put and negatived.*

**MR. CHAIRMAN :** I will now put the motion No. 8 in the name of Shri S. Kundu to the vote of the House.

*The motion was put and negatived.*

**MR. CHAIRMAN :** Now I will put his other motion No. 9 to vote.

*The motion was put and negatived.*

**MR. CHAIRMAN :** I will now put motion No. 10 in the name of Shri S. S. Kothari to the vote of the House.

*The motion was put and negatived.*

**MR. CHAIRMAN :** I will now put motion No. 11 in the name of Shri Shiva Chandra Jha to the vote of the House.

*The motion was put and negatived.*

**MR. CHAIRMAN :** Now I will put motion No. 12 of Shri Sardar Amjad Ali to the vote of the House.

*The motion was put and negatived.*

**MR. CHAIRMAN :** I will now put motion No. 13 of Shri Lobo Prabhu to the vote of the House.

*The motion was put and negatived.*

**MR. CHAIRMAN :** I will now put motion No. 14 in the name of Shri Ram-avatar Shastri to the vote of the House.

*The motion was put and negatived.*

**MR. CHAIRMAN :** Now we take up the next item on the agenda.