

[10 May, 2000]

RAJYA SABHA

बाद हमको लगा कि जम्मू-कश्मीर में भी कुछ लोग हैं जो हमारी नीतियों से नाराज़ हैं, जो कोई कारणों से जेल में बंद हैं, यह मौका है कि हम उनको छोड़ दें । यह नहीं कि हम कोई बात कर रहे हैं इसलिए उनको छोड़ रहे हैं, यह मौका है कि हम उनको छोड़ देते हैं, वे बातचीत करना चाहे तो करें । मैंने केवल एक वाक्य का उल्लेख किया इसमें क्योंकि आपने उसको तो थर्ड कहा, शायद हमारे सी.पी.एम. के नेता ने जिक्र किया कि "So far as the third part of the strategy is concerned, you have made only one statement; you have said one single sentence only." It is true क्योंकि अभी तक हमने तय यह किया है कि फलों का यह बयान आया है, फलों का यह बयान आया है, आपका क्या कहना है । कश्मीर स्टडी ग्रुप का यह है, आपका क्या कहना है । मैं इतना ही कह सकता हूँ कि इस समय मुझे उसके बारे में कुछ नहीं कहना है, जो कुछ कहा है इस वक्तव्य में कहा कि बातचीत करेंगे तो संविधान के दायरे में करेंगे और संविधान के दायरे में कोई भी हमारा हिस्सा, हमारे संविधान का हिस्सा किसी दूसरे को देने का सवाल ही पैदा नहीं होता । इस चीज़ को ध्यान में रखते हुए ही हमने सारी बातें की हैं । जम्मू-कश्मीर के उग्रवाद का मुकाबला करने में एक-एक कदम सोच-विचार कर सरकार ले रही है । हम सबको सलाह कर रहे हैं, पार्लियामेंट के कई मੈम्बर मुझसे मिलते रहें हैं । अगर यह सुझाव है कि मैं दस लोगों से एक साथ मिलूँ, मुझे उसमें कोई आपत्ति नहीं, आल पार्टी मीटिंग बुलाने में कोई आपत्ति नहीं, लेकिन उसका कोई अवसर होना चाहिए । और सरकार आएगा तो सरकार निश्चित रूप से उस मार्ग पर चलेगी ।

मुझे विश्वास है कि जहां पंजाब में कुछ साल पहले ऐसी स्थिति दिखती थी कि शायद वहां नार्मैल्सी आएगी ही नहीं, कभी नहीं आएगी, आज शायद किसी को लगता हो कि जम्मू-कश्मीर में भी वैसी ही है, वैसा है नहीं । आज भी वहां जाकर देखिए तो नॉर्मल काम चल रहा है । एक आध बड़ी घटना हो जाती है चट्टीसिंह पुरा जैसी तो सारे देश में तहलता मच जाता है, वह करना बहुत मुश्किल नहीं होता है लेकिन सामान्यतः वहां पर गतिविधि नॉर्मल है, बहुत अच्छी चल रही है और मैं समझता हूँ कि देश निश्चित रूप से जिस प्रकार से हमने कारगिल में उनको पराजित किया, इस प्राक्सी वार में भी देश उकनो निश्चित रूप से पराजित करेगा।

THE NATIONAL HOUSING BANK (AMENDMENT) BILL, 2000

MR. CHAIRMANiHon. Members, we will now take up the

Legislative Business. We had decided, when we took up the Calling Attention, that we would finish this Business today. I think we should go ahead with it.

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA):
Sir, I beg to move:

"That the Bill further to amend the National Housing Bank Act, 1987 be taken into consideration."

Mr. Chairman, Sir, the National Housing Bank was established in July, 1988, under the National Housing Bank Act, 1987, to operate as a principal agency to promote housing finance institutions in the country and for providing refinance to them. It has also been entrusted with the task of regulating and supervising the Housing Finance Companies in the same manner as RBI regulates and supervises the Non-Banking Finance Companies. The Housing Finance Companies are a sub-sect of NBFCs.

[THE VICE-CHAIRMAN (SHRI T.N. CHATURVEDI) in the Chair]

The proposed provisions will enable NHB to promote healthy and universal growth of housing finance companies as also to safeguard the interest of depositors.

The National Housing Bank is also being entrusted with the responsibility of developing a secondary mortgage market in the housing mortgages in the country.

There has been a long-standing demand from the housing finance institutions for a speedier method of recover)' of dues from the defaulting borrowers. It is proposed to provide for a simple, speedy and cost-effective method of recovery of overdues by the housing finance institutions by providing for the sale of property charged as security for the assistance granted by such institutions through recovery officers. A provision is also being made for establishment of an Appellate Tribunal to hear appeals against the decision of the recovery officers.

In the light of the experience gained in the operations of the National Housing Bank since its establishment, it is felt necessary to bring certain amendments to the Act for the smooth working of the National Housing Bank and to authorise it to undertake certain additional business of financing of agricultural and rural development banks, making of loans and

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advances for residential township-cum-housing development projects, undertaking securitisation of loans, setting up of mutual fund and undertaking or participating in housing mortgage insurance business.

Sir, I commend the Bill for the consideration of the House.

The question was proposed.

THE VICE-CHAIRMAN (SHRI TN. CHATURVEDI): The motion is now open for discussion. Shri AR. Kidwai. Not present. Shri Moolchand Meena. Not present. Shri Bachani Lekhraj.

SHRI BACHANI LEKHRAJ (Gujarat): Mr. Vice-Chairman, Sir, I am thankful to you for giving me this opportunity to express my views on this Bill. Housing is a burning problem of the nation. It requires too much of work both in the urban areas and in the rural areas. I congratulate the hon. Finance Minister for bringing this comprehensive amendment to the principal Act in order to take up the housing programme in a big way. The housing problem is worsening year after year because the population is increasing very fast. Now, more people are migrating from the rural areas to the urban areas. The problems of urban areas are not the same as those of the rural areas. The problems in urban areas are shims, congestion, lack of proper sanitation, etc. In the rural areas there are no essential services and good living conditions. The poor landless labourers live in slums. They don't have any shelters. They are living in huts which look like cattle-sheds. We have promised to provide the people with basic needs like food, cloth and shelter. The Government of India is taking a lot of interest in this regard and paying a lot of attention to it. So far as housing is concerned, we can say this millennium year is an year of "home for the homeless". This is a step forward in making more finances available for construction of houses both in urban and rural areas of our country. The Government of India had given powers to the Reserve Bank of India for controlling the non-banking financial companies. By the Reserve Bank of India (Amendment) Act of 1997, the powers of the Reserve Bank of India to control the activities of the non-banking financial companies were further strengthened. But the housing finance companies were exempted from the provisions of the Reserve Bank of India Act, as amended in 1997. Now, by this amendment such powers are given to the National Housing Bank to regulate the activities of the housing finance companies and to create more resources. So far as the authorised capital is concerned, in this proposed

amendment, it has been increased from Rs. 100 crores to Rs. 350 crores. It is also provided that the Central Government may, in consultation with the Reserve Bank, by notification, increase the authorised capital upto to Rs.2,000 crores. Some powers have been conferred on the Board. The Board may, on such terms and conditions, as determined by it from time to time, issue the increased authorised capital to Reserve Bank, the Central Government, scheduled banks, public finance institutions, housing finance institutions, or such other institutions as may be approved by the Central Government. There is a provision to this which says "provided that no increase in the issued capital shall be made in such a manner that the Reserve Bank of India, the Central Government, public sector banks, public financial institutions or other institutions owned or controlled by the Central Government hold in aggregate at any time, less than 51% of the issued capital of the National Housing Bank." Then, Sir... (*Interruptions*)

THE VICE-CHAIRMAN (SHRI T.N. CHATURVEDI): Do you have any suggestions for the hon. Finance Minister?

SHRI BACHANI LEKHRAJ: Sir, I am supporting this amendment Bill. On the basis of past experience, many things have been included in this amendment Bill, in order to make this Act effective. I hope, through this Act, our housing activities will get a boost. . For that purpose, the scope and the area of activity of the National Housing Bank has been widened. In short, I may submit that in order to make this Bank function effectively, the hon. Finance Minister has come up with this amendment Bill before the House. The Bill also provides for representation to the shareholders on the Board to help speedy recovery. One new Schedule has also been added. A provision has also been made to create an Appellate Tribunal. The scope of this Bank has also been widened by making many other financial institutions party to it. A huge amount is made available, so far as me cooperative banks, agricultural banks and rural banks are concerned. I congratulate the hon. Finance Minister for having done a good job. In this way, I hope the housing problem, which is a very serious problem, will be solved, to a great extent. I hope, in this millennium, this year will truly be the "Year for Homeless". Thank you, Sir.

SHRI C. RAMACHANDRAIAH (Andhra Pradesh): Sir, in pursuance of the Government policies, to give a boost to housing, this Bill has been brought forward to confer more powers on the National Housing

Bank, on par with the Reserve Bank of India, as it has been conferred with the powers to regulate the non-banking finance companies. Now, this Bill enables conferring the rights on the National Housing Bank to regulate the housing finance institutions. Sir, this is a very good provision which has been made in this Bill. It is high time we create a conducive atmosphere for the National Housing Bank, to make it function effectively and to achieve the objective which has been envisaged in the Budget. My second point is this. It is high time the Government acts as a facilitator, as it has been doing earlier. It is high time it acts as a facilitator, coordinating with the financial institutions, to achieve the objectives. It is true that the Government has got a stupendous task of providing housing facility to millions of people. It cannot be achieved overnight. But, at least, the Government can create that atmosphere by giving some incentives so that the financial institutions come forward to finance this industry. The second positive feature of the Bill is augmentation of funds. Naturally, housing finance would involve some long-term advances. Most of the fund wiU be locked up because of the longevity of the loan. Then this Bill has created the second mortgage facility. This will undoubtedly create a very good atmosphere. The financial institutions would also enjoy the refinancing facility. The third aspect is with regard to speedy recovery. The provision regarding recovery of loans should have been made more stringent. It would take nine years to recover the loan in our country. The aggrieved party can go on appeal and the Government also can go on appeal. This process will take nearly nine years. The recovery process of financial institutions should be made more effective and the concerned law should be made more stringent. Then another aspect is with regard to the authorized capital which could be increased from Rs. 300 crores to Rs. 2,000 crores. It is also a good aspect. The positive aspect in the Bill is dispersal of equity. The equity would not be less than 51 per cent. So the Government would control 49 per cent equity. But, it goes out of the purview of Parliament. Sir, you are well aware of 'COG'.

THE VICE-CHAIRMAN (SHRI T.N. CHATURVEDI): I have forgotten.

SHRI C. RAMACHANDRAIAH: If the Government does not hold more than 50 per cent of the equity, it will go out of 'COG', it will go out of the control of Parliament. The Government should have kept 51 per cent equity and 49 per cent should have been given to them. However, I am

fully confident that this will create a very conducive atmosphere for the development of the housing industry in the country. Thank you.

SHRI S. VIDUTHALAI VIRUMBI (Tamil Nadu): Mr. Vice-Chairman, Sir, at the outset, I would like to make it clear that I stand to support this Bill. People have been expecting for a very long period of time that this kind of a provision would be made in our country. The paid up capital provision has been enlarged further. The registration of housing finance institutions has been made necessary, the composition of the Board of Directors has been modified and the lending facilities have been expanded a little bit to see that the cooperative agricultural and rural development banks also lend money. Once the agricultural and rural development banks start lending money, this operation would move in a decentralized manner without any problem. Now there is a provision that the National Housing Banks can do mortgage insurance business also. I would like to cite an example. In Malaysia, once money is borrowed from a housing bank, the inherent character of the loan system is that it is automatically insured in such a manner that in case the borrower expires, the insurance company will pay the money to the housing financial institution. This is what I observed in Malaysia. I had gone to Malaysia some 12 years back and there, I found that one school teacher had borrowed money for buying a house. After two or three months, he expired. But the insurance company took the responsibility of paying the entire amount which was due to the financial institution. Such a thing should be linked with other borrowings as well. Whatever money you lend, it should be linked with insurance. That is better for the institutions as such. But I could not find this provision anywhere in this Bill. Secondly, as regards the deposit period, earlier, there was a limit saying, 'not less than 12 months'. Now that limit has been removed. This has been substituted by merely saying "such period". Sir, in South-East Asia, when there was an economic crisis, the real estate owners started borrowing money from foreign countries and lent them to the local people, in their currency. Then, there was an upsurge in the economy and the market was volatile, but over a period of time, the market fluctuation became detrimental to the real estate owners, and the financial institutions also got affected. Sir, in this Bill, there is no stipulation about the time period. In such a case, it should not lead to a volatile situation. Now what protection has been given in this Bill in case of such an eventuality? The hon. Minister should explain this.

Then, as regards confidential nature of the accounts of our financial institutions, of course, this is essential for any account. At the same time, if a case is forwarded to the income tax authority as regards accrual of ill-gotten wealth, no income-tax officer can get any information as regards such accounts from the banks because of the Secret Clause as per the provisions of the Banking Regulations Act. The banks cannot reveal the accounts unless and otherwise directed by the Court. Now, of course, there is going to be some transparency; the RBI is collecting the details pertaining to various banks on the internet, and then they would make such information available to the banks so that they can come to know which financial institution is in a bad shape and which financial institution can be approached. At least the people will not be cheated. Therefore, Sir, this clause pertaining to confidentiality should be removed. That is what I feel. A financial institution can go bankrupt in two ways; (a) due to judgement error that may happen, or (b) it may be doing business with a *mala fide* intention. Such institutions, which do business with *mala fide* intention may close down their units. But, before doing so, they may purchase properties or make deposits in the name of their family members. In such cases, how would the Government recover the money which has been deposited in the accounts of their family members? As per my reading of the Bill — I may be corrected if there is any provision in the Bill — there is no such thing in the Bill. I would like to know whether the Government can give an assurance that this aspect also would be included in the Bill subsequently. With these words, I support the Bill.

THE VICE-CHAIRMAN (SHRI T.N. CHATURVEDI): Shri R. Margabandu. Not present.

SHRI YASHWANT SINHA: Mr. Vice-Chairman, Sir, I am grateful to the three hon. Members who have spoken in support of the Bill. I am quite sure, had the hon. Members from the Opposition been there, they would also have spoken in support of the Bill because this is, actually, a progressive piece of legislation that we have brought before Parliament. Mr. Vice-Chairman, Sir, it is well known that there is a tremendous shortage of housing stock in this country. In 1998, the present Government, in its previous incarnation, had presented a policy before Parliament which was known as the National Housing and Habitat Policy of 1998. And, in this Policy, it was estimated, on the basis of the 1991 census, that the shortage of housing stock was something like 23 million units and 90 per cent of this

was for the poor and low-income category people. Therefore, it had talked about a number of policy measures. This amendment Bill is in pursuance of the objectives set forth in that policy document. I would like to clarify a couple of points which have been raised by my hon. colleagues in this House. Firstly, as far as the equity of the Bank is concerned, a point which Mr. Ramachandraiah, noted, the Bill clearly says, "Together, the Reserve Bank of India, the Central Government, the public sector banks, the public financial institutions and other institutions owned or controlled by the Central Government, will, at any point of time, hold, in aggregate, not less than 51 per cent of the total paid up capital of the National Housing Bank." So, the Government will not lose control on the National Housing Bank. It will continue to be very much under our control and that is how the Bill is framed.

In terms of recovery of loans, I am aware that it is a very complicated procedure at the moment, and that is exactly what we have tried to simplify through this Bill. In terms of the Bill, the power will be given to the recovery officer, whom the Government of India will appoint. We have just provided for one level of appeal to the appellate tribunal and that was considered necessary in view of the natural justice requirements. But, I am quite sure, after this Bill comes into force, the recovery process will become much faster and this will also take care of Shri Virumbi's point in regard to ownership of relatives because the mortgage, which is a critical document, will entitle the holder of the mortgage to approach the recovery officer and ensure the recovery of the dues of the Bank. In regard to the very important point and warning issued by Virumbiji, I would like to say that there is no danger of that happening in our country because we do not permit foreign investment in real estate in this country, as was the case in the East-Asian countries. Therefore, the foreign exchange crisis overtaking us and the subsequent collapse is not likely to happen here.

The second point is, the NHB will also be covered by the Credit Information Bureau, which I had suggested in my Budget. It is in the process of being set up and they will be exchanging the credit information with the other financial institutions so that those who are in default are not helped by lack of information in securing the loan from any other banks.

The whole idea of this legislation, as I said, is this. The first one is to strengthen the National Housing Bank. The second one is to create a

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secondary mortgage and provide for early recovery/speedy recovery of dues. It is, with this intention, that this piece of legislation has been brought before this House and I am very happy that it has received the support of all the Members of the House present. I commend the Bill to the House. Thank you.

SHRI C. RAMACHANDRAIAH: Sir, the entire Opposition has walked out. Is it proper for us to pass this Bill?

THE VICE-CHAIRMAN (SHRI T. N. CHATURVEDI): But that is a different thing. There is no such... (*Interruptions*) There is one message. Secretary-General, please.

**MESSAGE FROM THE LOK SABHA
THE INDIAN COMPANIES (FOREIGN INTERESTS) AND
THE COMPANIES (TEMPORARY RESTRICTIONS ON
DIVIDENDS) REPEAL BILL, 2000**

SECRETARY-GENERAL: Sir, I have to report to the House the following message received from the Lok Sabha, signed by the Secretary-General of the Lok Sabha:

"In accordance with the provisions of rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose the Indian Companies (Foreign Interests) and the Companies (Temporary Restrictions on Dividends) Repeal Bill, 2000, as passed by Lok Sabha at its sitting held on the 10th May, 2000".

Sir, I lay a copy of the Bill on the Table.

**THE NATIONAL HOUSING BANK (AMENDMENT) BILL-
2000-Contd**

THE VICE-CHAIRMAN (SHRI T. N. CHATURVEDI): Now, the question is:-

"That the Bill further to amend the National Housing Bank Act, 1987, be taken into consideration."