

The House re-assembled after lunch at two of the clock.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) in the Chair.

**MOTIONS FOR MODIFICATION OF THE NATIONALISED BANKS (MANAGEMENT AND MISCELLANEOUS PROVISIONS) SCHEME, 1970**

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): There are five motions in the names of Shri. Chitta Basu, Shri A. D. Mani, Shri. Bhupesh Gupta, Shri Banka Behary Das and Shri Dahyabhai Patel. The movers may move the amendments.

\*1. SHRI CHITTA BASU: Sir, I move:—

"That this House resolves that in pursuance of sub-section (5) of section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), the following modifications be made in the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970, laid on the Table of the House on November 17, 1970, namely:—

"In the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970—

(1) Sub-clause (f) of clause 2 shall be deleted:

(2) in clause 3—

(i) for paragraph (i) of sub-clause (b) the following shall be substituted namely,—

"(b) (i) one Director, from among the employees of the nationalised bank, who are workmen, to be elected by the workmen through secret ballot.";

\*The Motion also stood in the name of Shri Banka Behary Das.

(ii) in sub-clause (c) for the words "to be appointed by the Central Government after consultation with the Reserve Bank" the words "to be elected by such employees through secret ballot" shall be substituted;

(3) in clause 9—

(i) in sub-clause (1) for the words "A Director appointed" and "re-appointment" the words "A Director elected or appointed, as the case may be" and "re-election or re-appointment" respectively shall be substituted;

(ii) in the proviso to sub-clause (1) the brackets and letters "(b), (c)" shall be deleted;

(iii) after the existing proviso to sub-clause (1) the following new proviso shall be added:—

"Provided further that the Directors elected under sub-clauses (b) and (c) of clause 3, shall be removed if the majority of employees who are workmen and employees who are not workmen, as the case may be, demand their recall.";

(4) in sub-clause (3) of clause 11 for the words, brackets and letters "nominated under sub-clause (b) or sub-clause (c)" the words brackets and letters "elected under sub-clause (b) or sub-clause (c)" shall be substituted;

(5) in sub-clause (2) of clause 13, for the words "the Directors appointed under sub-clauses (g) and (h) of clause 3 and not more than four other Directors" the words "the Directors elected or appointed, as the case may be, under sub-clauses (b), (c), (g) and (h) of clause 3 and not more than two other Directors" shall be substituted.

This House recommends to Lok Sabha that Lok Sabha do concur in this resolution."

SHRI A. D. MANI (Madhya Pradesh): Sir, I do not want to move clause 3 because that is contrary to the Act itself. I want to leave it.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): You can mention that in your speech. You move the Motion.

\*2. SHRI A. D. MANI: Sir, I move:—

“That this House resolves that in pursuance of sub-section (5) of section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), the following modifications be made in the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970, laid on the Table of the House on November 17, 1970, namely:—

‘In clause 3 of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970,—

(i) in sub-clause (a) after the words “not more than two whole-time Directors” the words “with knowledge and experience of banking” shall be added;

(ii) in sub-clause (c) after the words “to be appointed by the Central Government” the words “out of a panel of three submitted to it by any association representative of such employees or when there is no association or where no panel has been submitted.” shall be added;

(iii) in sub-clause (e) for the word “artisans” the word “industry” shall be substituted; and

(iv) in sub-clause (e) for the words “in respect of one or more matters which are likely to be useful for the working of the nationalised bank” the words “of matters connected with a nationalised bank” shall be substituted;

This House recommends to Lok Sabha that Lok Sabha do concur in this resolution.”

\*\*3. SHRI BHUPESH GUPTA: Sir, I move:—

“That this House resolves that in pursuance of sub-section (5) of section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), the following modifications be made in the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970, laid on the Table of the House on November 17, 1970, namely,—

‘In the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970,—

(1) in clause 2—

(i) in sub-clause (f) for the words “after due verification” the words “after ascertaining the strength by secret ballot” shall be substituted;

(ii) sub-clause (h) shall be deleted;

(2) in clause 3—

(i) for paragraphs (i) and (ii) of sub-clause (b) the following new paragraphs shall be substituted:—

“(i) one Director, from among the employees of the nationalised bank, who are workmen, to be appointed by the Central Government, whose name shall be furnished by the representative Union, within a date to be specified by the Central Government, which date shall not be more than six weeks from the date of the communication made by the Central Government requiring the representative Union to furnish the name;

\*The Motion also stood in the name of Shri K. P. Mallikarjundar.

\*\*The Motion also stood in the name of Shri M. V. Bhadram.

(ii) (A) where there is no representative Union to represent the workmen of a nationalised bank, or

(B) where such representative Union, being in existence, omits or fails to furnish any name within the specified date, or

(C) where the person whose name has been furnished by the representative Union is disqualified, whether under item (iii) of this sub-clause or under clause 10,

the Central Government may at its discretion, appoint such workman of the nationalised bank, as it may think fit, to be a Director of such bank;";

(ii) for sub-clause (c) the following shall be substituted:—

"(c) (i) one Director, from among the employees of the nationalised bank who are not workmen, to be appointed by the Central Government whose name shall be furnished to it by the representative Union, within a date to be specified by the Central Government, which date shall not be more than six weeks from the date of the communication made by the Central Government requiring the representative Union to furnish the name;

(ii) (A) where there is no representative Union to represent the employees of a nationalised bank who are not workmen, or

(B) where such representative Union, being in existence, omits or fails to furnish any name within the specified date, or

(C) where the person whose name has been furnished by the representative Union is disqualified under clause 10,

the Central Government may, at its discretion, appoint such employee of the nationalised bank who is not a workman, as it may think fit, to be a Director of such bank;";

(3) in clause 9—

(i) in the proviso to sub-clause (1) the brackets and letter "(b), (c)" shall be deleted;

(ii) after the existing proviso to sub-clause (1) the following new proviso shall be added:—

"Provided further that the Directors appointed under sub-clause (b) or (c) of clause 3, shall be removed when not less than 60 per cent of the members of the representative Union express no confidence in him";

(4) in sub-clause (2) of clause 13 for the words, brackets and letters "sub-clause (g) and (h)" the words, brackets and letters "sub-clause (b), (g) and (h)" shall be substituted;

(5) after clause 14 the following proviso shall be added:—

"Provided that when the Board constitutes an advisory committee with a Director or Directors on it, the Director or at least one of the Directors, as the case may be, shall be the Director appointed under sub-clause (b) or sub-clause (c) of clause 3.";

(6) after paragraph (c) of sub-clause (2) of clause 15 the following new paragraph shall be added:

"(d) one nominee of the representative Union."

(7) in clause 16—

(i) after sub-clause (4) the following proviso shall be added:—

"Provided that no nominee of the representative Union shall be removed without consulting the representative Union and the vacancies arising due to the removal of such nominees shall be filled in consultation with the representative Union.";

(ii) after sub-clause (5) the following proviso shall be added:—

"Provided that no nominee of the representative Union shall be re-

moved without consulting the representative Union and the vacancies arising due to the removal of such nominees shall be filled in consultation with the "representative Union.";

(8) the First Schedule shall be deleted.'

This House recommends to Lok Sabha that Lok Sabha do concur in this resolution.'

4. SHRI BANKA BEHARY DAS:  
Sir, I move:—

"This House resolves that in pursuance of sub-section (5) of section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), the following modifications be made in the National Banks (Management and Miscellaneous Provisions) Scheme, 1970, laid on the Table of the House on November 17, 1970, namely:—

'In the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970—

(1) in clause 3—

(i) in sub-clause (e) the words "after consultation with the Reserve Bank" shall be deleted;

(ii) after sub-clause (e) the following proviso shall be added:—

"Provided that the Central Government shall consult the various all-India organisations working amongst the farmers, workers and artisans before appointing the Directors under this sub-clause.";

(iii) after sub-clause (f) the following proviso shall be added:—

"Provided that one of the Directors appointed under this sub-clause shall have experience in

running of cooperative banking institutions.";

(2) after sub-clause (c) of clause 10, the following new sub-clause shall be added:—

"(d) if he has been on the Board of Directors of the Bank for two consecutive terms.";

(3) in sub-clause (2) of clause 13—

(i) for the words, brackets and letters, "sub-clauses (g) and (h)" the words, brackets and letters "sub-clauses (e), (g) and (h)" shall be substituted; and

(ii) for the words, "four other Directors" the words "three other Directors" shall be substituted;

(4) after sub-clause (4) of clause 15 of the following new sub-clause shall be added:—

"(5) Each Regional Consultative Committee shall meet at least twice in a year.";

This House recommends to Lok Sabha that Lok Sabha do concur in this resolution."

5. SHRI DAHYABHAI V. PATEL:  
Sir, I move:—

"This House resolves that in pursuance of sub-section (5) of section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), the following modifications be made in the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970, laid on the Table of the House on November 17, 1970, namely:—

'In the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970,—

(1) in the proviso to sub-clause (f) of clause 2 for the words "fifteen per cent" the words "fifty per cent" shall be substituted;

[Shri Dahyabhai V. Patel.]

(2) in clause 3—

(i) in the opening paragraph after the words "As soon as may be" the words "within sixty days" shall be added;

(ii) in paragraph (i) of sub-clause (b) for the words "six weeks" the words "three weeks shall be substituted;

(iii) in sub-clause (d) after the words "the Reserve Bank" the words "and with the body representing the depositors" shall be added;

(iv) for the existing sub-clause (e) the following new sub-clause shall be substituted:—

"(e) two Directors, who in the opinion of the Central Government are competent to represent the interest of the farmers, to be appointed by the Central Government after consultation with the Reserve Bank and wherever applicable with such institutions or bodies representing the interests of markets;

Provided that one of the two Directors so appointed, shall be nominated from the Southern States of India."

(v) after sub-clause (e) the following new sub-clause shall be added:—

"(ee) two Directors who in the opinion of the Central Government are competent to represent respectively the interests of workers and artisans, to be appointed by the Central Government after consultation with the Reserve Bank;"

(vi) in sub-clause (f) for the words "five Directors" the words "four Directors" shall be substituted;

(3) in the proviso to sub-clause (1) of clause 9 after the words "the Central Government may" the words "for valid reasons and" shall be added;

(4) in clause 16—

(i) in sub-clause (4) after the words "the Board may" the words "for valid reasons" shall be added;

(ii) in sub-clause (5) after the words "Regional Consultative Committee may" the words for valid reasons" shall be added.

This House recommends to Lok Sabha that Lok Sabha do concur in this resolution."

The questions were proposed

SHRI BHUPESH GUPTA (West Bengal): I am on a point of order. Under the Act there is a provision for a discussion of this kind. It is therefore a statutory discussion enjoined upon the Houses of Parliament. Now we have been supplied with the scheme. We have given amendments to this. The difficulty arises that we do not have other relevant materials in order to consider the amendments in the light of the experience especially because we know for a fact that in the Consultative Committee of Parliament, certain papers were given to the Members who belonged to that Committee. It is a good thing it was done. Certain interesting disclosures have also come to light in the course of the meetings of that Committee and through the papers supplied. I do not see why the House should not be apprised of that when a scheme of this kind is being considered. For example, it was necessary for the House to know that the *ad hoc* appointments of Directors that we have made were done in a manner which is most objectionable and they should be gone into in order to take precautions for the future. Similarly since we are constituting certain Boards it is necessary also to find out about the working of the existing arrangements and also how the banking policy is at work and who are responsible for it. In fact there should be a White Paper on the working of the banking over a

period of one year and three months on the basis of which the Parliament can discuss the matter. The purpose of providing for a discussion of this kind through the Act of Parliament was that the Parliament should act as an overseer of the operations of the nationalised bank, which is why the schemes made are put before the House for consideration and acceptance by the House.

Now how can we do such a thing unless we have a proper report on the working of the banks including the working and the position of the various personnel at different levels? But nothing of the kind we have. Anything we have now is through the bank employees and also through the newspapers and otherwise. But we do not have an authoritative version from the Government at least as to what the Government sees about the working of the banks. Now, Sir, we are asked here to give our opinion.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): Now, Mr. Bhupesh Gupta, I will ask the Government to take note of it.

SHRI BHUPESH GUPTA: I do not know when. Now all of us have given amendments—I am not going into the merits of the amendments. But some of the relevant facts for the consideration of the House in the light of which the amendments should be considered and formulated even, have not been made available to us.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): You have emphasised that point.

SHRI BHUPESH GUPTA: Therefore, Sir, I do not know and so I would demand that certain papers be given to us, as has been suggested. It would be very good if we had a White Paper on the working of the banks because they are making a mess of it. They are literally making a mess of it without a policy without a direction, with the same type of bad people put on the Boards and all kinds of nepotism and corruption coming in. This is

a serious matter. Now we should modify this thing, this scheme that has been submitted before us, in the light of what we think wrong in the working of the banks and in the composition of the various committees, and so on. Nothing of the kind is made available to us, and I am surprised that the hon. Minister . . .

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): You are getting the opportunity to speak on your amendment.

SHRI BHUPESH GUPTA: I am not speaking on my amendment now. I am speaking on my point of order.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): Now that is finished. I have taken note of it.

SHRI BHUPESH GUPTA: What is the guidance? You take note of everything. It is the Government that will have to say. Without that I cannot say anything. Now, all that we have got is the Scheme. There is no other paper containing the material facts in order to discuss the Scheme and judge the proposals.

श्री मन्दीर सिंह भंडारी (राजस्थान) :  
उपसभाध्यक्ष जी, मुझे एक आपत्ति है और श्री भूपेश गुप्त द्वारा उठाई गई इस बात से कि बैंकों के राष्ट्रीयकरण के बाद इतना लम्बा समय व्यतीत हो जाने के बाद भी, सरकार की तरफ से जो वक्तव्य उनकी इस समय की कार्यप्रणाली के बारे में आना चाहिये, वह नहीं आया। उनका यह मुझाव कि ऐसा कोई स्टेटमेंट—अब वह व्हाइट पेपर कहें या कोई दूसरा नाम दें, मैं उस पर आग्रह नहीं करता—लेकिन सरकार की तरफ से एकव्युल पोर्जन आज तक के उनकी वर्किंग की सामने आने चाहिये थी। राष्ट्रीयकरण के नाम पर जो बातें कह कर उस समय तुमारा मचाया गया, उससे वास्तव में हमारा विरोध रहा था कि सरकार के पास कोई बेमिस नहीं है, सरकार अन्य कारणों से राष्ट्रीयकरण मार्ग को अपना रही है। जो जरूरत आज श्री भूपेश

[ श्री सुन्दर सिंह भंडारी ]

गुप्त महसूस करते हैं, हम लोग उसी समय से महसूस करते आए हैं, डेढ़ सा न से अधिक समय हो जाने के बाद भी वह चीज सरकार जता के सामने रख नहीं पायी। इसलिये वास्तव में अगर इस स्कीम को भी डिस्कस करना है, तो स्कीम किस बैकग्राउंड पर है, वह मालूम होना चाहिये ताकि राष्ट्रीयकरण करके सरकार ने क्या किया, इससे आधार पर जब तक रिपोर्ट नहीं, तब तक इस पर चर्चा करना निरर्थक होगा। मैं चाहूंगा इस चर्चा के दौरान ही इस संबंध में आवश्यक सामग्री सरकार के द्वारा उपलब्ध हो।

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): Government will consider it.

SHRI BANKA BEHARY DAS (Orissa): I have one objection and I raise another point. You know, Sir, when we passed the Bank Nationalisation Law, that Law provided that a scheme should be formulated by the Government. But this Scheme, Sir, is absolutely a partial scheme.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): That you can say later.

SHRI BANKA BEHARY DAS: I am now referring to the Scheme and I am saying that it is purely a partial scheme, because it relates to the formation of Boards of Directors, I mean, Management Boards, and the Advisory Councils. Is that the only purpose of the nationalisation of banks?

SHRI SUNDAR SINGH BHANDARI: It seems so.

SHRI BANKA BEHARY DAS: It seems something like that, and it has come after so many months, and naturally it lends itself to those arguments, which are being advanced by others who are also opposed to this bank nationalisation, that the Government is not serious even after the bank takeover. And that is why I entirely agree with both of my friends that, when such a major thing is being placed the

Government should, from the very start, give us an idea as to what this Scheme should mean, not only about the formation of the Boards of Directors but also about how the working of these has been, which Mr. Bhupesh Gupta and Mr. Bhandari have also emphasised here, because with that background only we can discuss these things. I think, before we start it, the Minister should clarify this position why they have brought this partial scheme, and not the comprehensive scheme for which we gave them the power. Are they not going to do it? Then let them tell us.

SHRI SUNDAR SINGH BHANDARI:

अनेक का सवाल नहीं है

They do not intend to do it. That is our charge.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): Now, Mr. Chitta Basu, you begin.

SHRI CHITTA BASU (West Bengal): No, I am not beginning.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): I am giving you the first chance.

SHRI CHITTA BASU: I have also got to say something in support of this point. Let the Minister reply to this. When this Bill was being discussed in this House many Members including myself gave amendments regarding the scheme itself with some of our ideas and the hon. Minister piloting the Bill assured the House that while the Government will be preparing the scheme all those suggestions would be taken into account and the House would have the opportunity of discussing that comprehensive scheme. My point of submission is that the scheme which has been submitted is not that comprehensive schemes which many hon. Members of this House wanted to have during the course of the debate on the Bill. Therefore unless the Government comes out with some sort of a

statement with regard to the working of the banks after nationalisation with particular reference to the several points raised by us during the course of the debate how is it possible for us to give an opinion or even seek to amend this partial and halfhearted scheme which deals only with one part of the whole thing?

**SHRI SUNDAR SINGH BHANDARI:** It has nothing to do with the credit policy.

**SHRI CHITTA BASU:** Only one part of the thing, that is, the Board of Directors, advisory board and other things are dealt with here.

**SHRI SUNDAR SINGH BHANDARI:** Bureaucratisation.

**SHRI DAHYABHAI V. PATEL (Gujarat):** Patronage.

**SHRI CHITTA BASU:** These are the points to which the scheme is related. This is not a comprehensive scheme. So I want the hon. Minister to elucidate the position and then only I will be in a position to move my amendment.

**SHRI K. S. CHAVDA (Gujarat):** Nothing more than social control has been done by the Government up till now and therefore it is absolutely necessary that . . .

**THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN):** The position is . . .

**SHRI BHUPESH GUPTA:** Let the Government reply.

**SHRI K. S. CHAVDA:** The Government should say something.

**THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI K. R. GANESH):** Mr. Vice-Chairman, Sir, this discussion today is confined to the scheme under section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act relating to the appointment of Board of Directors. That is the limited purpose of this discussion. What the hon. Members are raising is a wider policy

in connection with the working of the nationalised banks and also the orientation of credit policy, the orientation of investment policy, in fact the entire working of nationalised banking. In the course of the last many months this question has been raised on the floor of the House in one form or another and quite sufficient time has been taken up on this. Still I concede if hon. Members want a discussion, it could be possible, either the Government could themselves come forward with a motion and the working of the nationalised banks during the last year or even less could be discussed but I do not agree . . .

**SHRI CHITTA BASU:** We want to be posted with certain information regarding the working of the banks.

**SHRI K. R. GANESH:** I have submitted that this discussion is confined to the limited purpose of appointment of Directors in the Board of Directors . . .

**SHRI BHUPESH GUPTA:** That is precisely the point. We would like to know what kind of Directors you have. I know and I have got some papers. Many Members who will be participating in the discussion must know that *ad hoc* appointments have been made. It has to be found out why they were appointed, why persons from certain categories were brought in and why others were eliminated. Even from the narrow range of things . . .

**THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI OM MEHTA):** These questions should be raised during the discussion.

**SHRI BHUPESH GUPTA:** The Government has abundant courage. If the courage had not been there, it would have been different. He is not afraid of anything, I know . . .

**THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN):** Please sit down.



SHRI A. G. KULKARNI (Maharashtra): During the discussion he can raise it.

SHRI BHUPESH GUPTA: Please do not misunderstand. We are not saying that the Government is afraid of a discussion. If Parliament wants it the Government will have to participate in the discussion. It cannot be afraid of it, although it may prove sometimes to be idiotic about it. That is not the point. All that we want to know is why a short, relevant statement is not given which bears on the subject, on the working of the banks, and on the specific subject in particular. Besides, hon. Members have pointed out that this is no scheme at all. What does it say? It says: Motion for modification of the nationalised banks (Management and Miscellaneous Provisions) Scheme, 1970. Now, you are modifying this. I have got the scheme with me. You are modifying this scheme. What does it mean? *(Time bell rings)*. Therefore, we would like to suggest some modifications.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): Yes.

SHRI BHUPESH GUPTA: We may like to suggest that some new clauses be added to it. Therefore, unless we have the relevant facts, how can we proceed?

*(Interruptions)*

SHRI OM MEHTA: We are trying to get some background material. We will give it to you during the course of the discussion.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): You have said that it is for a limited purpose.

SHRI K. R. GANESH: It is for a limited purpose and all these points can be raised during the discussion. The Finance Minister will wind up the discussion and reply to the discussion. He is sufficiently prepared to answer all the points that will be raised during the course of the discussion.

SHRI BHUPESH GUPTA: But it will be after the discussion.

SHRI K. R. GANESH: The hon. Member has enough facts with him.

*(Interruptions)*

SHRI K. S. CHAVDA: The main point is information about the working of the banks. It is a very vital question why information regarding the working of banks has not been given to the House.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): Please sit down.

SHRI BHUPESH GUPTA: Kindly sit down. The Finance Minister is not a statement. The Finance Minister is not a White Paper. The Finance Minister of the country may be white elephant, but certainly he is not a White Paper. Now, therefore, I say that what we want is relevant to the discussion. What is the use of having it after the discussion? Of course we shall be dealing with the amendments without the documents. We will be going through the discussion without the documents. The Finance Minister's reply, therefore, is no substitute for what we have been asking for.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): What do you want to say?

SHRI A. G. KULKARNI: I want to say that whatever background material is needed has been given recently in reply to various questions which were asked in the House, viz, what is the deposit mobilisation, what is the credit policy, what is their credit-worthiness, and so many other things. It says: This Scheme may be called the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970. It is mainly concerned with the appointment of Directors in the new Board. How are they going to be appointed. What is the three-tier system? If hon. Members have gone through it, they can understand what the three-tier system is. During the

discussion Members can make out their points. It is for the Government to reply to them and to explain to them in detail. So, it will be better if we proceed with the discussion.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): I think the Government will take note of all the points that have been raised. Now, I call upon Mr. Chitta Basu to begin.

SHRI CHITTA BASU (West Bengal): Sir, the scheme, which is now being discussed in this House, has been framed in terms of section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970. The scheme, as I have already mentioned, has merely a limited purpose and that is the particular aspect of the management of the nationalised banks. This scheme relates to matters in connection with the organisation and functioning of the top management of the nationalised commercial banks. This scheme *inter alia* describes the manner in which the Board of Directors will be formed, its constitution, appointment of the Managing Director and Chairman, terms of office and remuneration, disqualification and vacation of office, meetings, etc. This is one part of the scheme.

The second part of the scheme describes the manner of the formation of Committees of the Board, Management Committee, Advisory Committee, etc. There is another aspect of it also: the formation of the Regional Consultative Committee. These are the three broad aspects of the entire scheme. Sir, with regard to the other aspects of the scheme which we wanted to have from the Government, they are totally absent and about which I shall, if you permit me, discuss later on.

While the scheme was formulated, I think the Government should have borne in mind the basic objectives of the nationalisation itself. This is merely a scheme of organisation for the management of the nationalised

commercial banks, and there should be particular criteria fixed as to the object or as to the requirement of the organisational set-up. If we are to decide upon those criteria, I think they can be characterised in the following way. We are to decide as to whether the organisation which is being envisaged under the scheme will be appropriate to combine the efficiency, authority and public purpose of nationalisation. That should be one of the yardsticks in measuring the success or failure or in measuring the efficacy of the mechanism which the scheme proposes to bring into being. The second criterion should be as to whether an acceptable balance will be struck between the parliamentary control, the control of the Reserve Bank and the control of the Government over the entire nationalised sector of the banking industry of our country; whether the scheme can effectively strike a balance between this three-pronged control; control of Parliament, control of the Reserve Bank and control of the Government, that is particularly the Ministry of Finance. From these two criteria if we judge the efficacy of the scheme, I think the scheme is not going to fulfil these two basic objectives or will not stand the test of these two basic criteria as I have enunciated. Let us for the time being be reminded of the basic objective for which the banks have been nationalised. If you permit me, I quote from the preamble of the Bill itself. The preamble of the Bill *inter alia* commented: To control the heights of the economy and to meet progressively and serve better the needs the development of the economy in conformity with the national policy and objective. That was the basic objective laid before Parliament while we were discussing the Bill for the nationalisation of banks. Again if you also permit me to remind you and through you to remind the House, while we were discussing the Social Control

[Shri Chitta Basu.]

Bill, that is, the Banking Regulation Bill, it was also said: The resources of the banking system need to be distributed equitably and purposefully in conformity with the developmental requirements so that the priorities sectors receive their due share and particular clients or groups of clients are not favoured in the matter of distribution of credit. If we bear in mind these two basic objectives of the nationalisation of banks itself, I think the hon. Finance Minister cannot say that these can be fulfilled by the scheme which he has proposed before the House for its approval. The scheme falls far short of the requirements which the Act itself envisages. Therefore, I would like to emphasise here—the scheme does not meet the requirements for the fulfilment of the basic objectives of the Act itself. Therefore, it is not in tune with the spirit of the Act, it is not in tune with the basic objectives of the Act and the general purpose of rule-framing. The rule is framed specifically to give effect to the spirit and objective of the Act. Here, the objectives that I have already enunciated are not fulfilled by the rules which we are discussing. My point of criticism is that these rules framed under this Act are not in tune with the objectives of the Act itself. I would ask the hon. Minister and the House not to throw it out because that is not in conformity with the basic objective of the Act. But this rule cannot really implement or give effect to the objective of the Act for which this scheme is meant. Anyway, this is my first point of criticism.

At the same time, let us also have a look into the scheme itself. There is a pyramid of structures of the banks. At the top there is the Government and the Reserve Bank. Down below there is the Board of Directors. And horizontally we find the Regional Consultative Committee and the Advisory Committee. And down below, the Board we find the

Management Committee and down below that, we find a whole-time Director. This is the entire structure which we find graphically in the scheme.

Now, in this matter one thing has to be borne in mind that the Central Government and the Reserve Bank will direct the overall policy of the bank and the Management Committee which consists of four officials and four nominated Directors will meet only occasionally to carry on the management with the power which may be delegated to it. That is, the Management Committee—if you will allow me to say—which is at the grass-root level has nothing to do with policy-making, nothing to do by way of initiative . . .

SHRI A. D. MANI (Madhya Pradesh): Quite right.

SHRI CHITTA BASU: . . . nothing to do in the matter of bringing something new, some new ideas, in the management of the banks. Merely, they have got the operational activities, that also as delegated by the Board of Directors. Therefore, here the Management Committee which works at the grass-root level has got no initiative to display for the purpose of fulfilling the basic objectives of the Act itself. And this Committee will meet just at least once in each quarter. And what is the function of that Board? It is virtually to ratify or review or confirm the operational decision of the Management Committee. Either they will confer or they will review or they will ratify. Other than that the Board has got nothing to do. (*Time Bell rings*). I will require a little more time.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): You have already spoken for more than ten minutes. There are many speakers. I will appeal to you and other hon'ble Members to confine themselves to ten minutes each.

SHRI CHITTA BASU: Every time you ask me to finish within five or ten minutes. But I find in this House the hon'ble Member who initiates the discussion takes more than 40, 45 or even 50 minutes. Then why this kind of discrimination in my case?

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): There are many speakers and unnecessarily you are repeating the points.

SHRI CHITTA BASU: I say with all seriousness, although I am smiling, that there cannot be two sets of rules for Member in this House. Members are elected by the same process. Their rights are the same and indivisible. Their duties are the same and indivisible. Therefore, you cannot discriminate.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): You are wasting the time of the House. I simply requested you to wind up in two or three minutes.

SHRI CHITTA BASU: You have already disturbed me.

SHRI A. D. MANI: He is making very good points—grass-roots level.

SHRI CHITTA BASU: Therefore, what I was emphasising was this. This banking scheme does not provide for any scope for the persons who are at the grass-roots, or a person at the field itself has got no initiative to display. The entire control rests with the Finance Ministry. The entire control rests with the hon'ble Finance Minister, and no scope is there for the enthusiastic, energetic, young officers to work in accordance with the objectives of the Act itself.

Sir, again, the very composition itself has to be taken note of. The Management Committee is composed of 18 members, out of which 4 are directors who are nominated by the Government. Again, look at the constitution of the Board. Virtually, Sir, all the 15 directors appointed in

terms of clause 3 of this scheme will be the nominees of the Central Government. Not only that, Sir, what is worse is that under the proviso to clause 9(1) the Government can remove at any time any director who represents workmen or non-workmen, employees, depositors, farmers, workers and artisans. Of these 15 Members of the Board, the majority are nominated by the Central Government.

SHRI A. G. KULKARNI (Maharashtra): Who are the shareholders? The Central Government is the shareholders.

SHRI CHITTA BASU: That is a different thing.

SHRI JAGDISH PRASAD MATHUR (Rajasthan): What about the depositor?

SHRI CHITTA BASU: What about the workmen?

SHRI A. G. KULKARNI: Mr. Mathur; you now what is what. Who elects the directors?

SHRI CHITTA BASU: Therefore it is very much loaded by the representatives of the Government they nominate. The Central Government also retains the right of removing representatives of the workmen, the depositors, the farmers and artisans . . .

SHRI DAHYABHAI V. PATEL: (Gujarat): Without giving reasons.

SHRI CHITTA BASU: Yes, without assigning any reason. The scheme authorises the Government to remove anybody except those diehard, wooden-headed bureaucrats who sit in the Government and mislead the Government and work in a way which is not in the interest of the country and the economy as a whole. Therefore, it is very much loaded with bureaucrats. It has got no purpose; it has got no direction to follow.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): All right.

SHRI CHITTA BASU: Since you are very much insisting on my finishing the speech...

SHRI A. G. KULKARNI: No, no. You take your own time.

SHRI CHITTA BASU: ... I will conclude. There is another very important aspect of this representative of the workmen and the employees. This House heard many a time voices belonging to the working class, that the workers of our industry should also have the right of partnership with the management. It is good. This scheme is a first step in the right direction. This scheme envisages the participation of the workmen and the employees in the management of the bank. This is a good step; this is a step in the right direction. But, Sir, what has been given by one hand has been taken away by the other hand, i.e. the policy of physical verification with regard to the recognition of the trade union. This scheme envisages that the representative union will be determined on the basis of physical verification. Once the representative character of the union is determined on the basis of physical verification, that union is entitled to place a panel of three names, out of which Mr. Chavan is free to choose one. And not only that, if the unions cannot fulfil the conditions in the 10-page long scheme, he retains the right to choose anybody from among the workmen.

SHRI A. G. KULKARNI: Out of the three.

SHRI CHITTA BASU: No.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): No, Mr. Kulkarni, let him go on.

SHRI CHITTA BASU: Sir, he has not followed it. Now, this very process of physical verification is time-consuming. It has never been successful. I can give you one example, the Durgapur Steel Plant. In the Durgapur Steel Plant, the

representative union was determined only after two or three years. Even after that, some trouble is there; some say that it should be de-recognised, some say the criteria should have been otherwise.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): Please conclude.

SHRI CHITTA BASU: Therefore, if you are really serious to ensure the participation of the workmen in the management of the bank, why should there not be election? The representative of the workers in the board of directors should be elected on the basis of secret ballot by the workmen engaged in a particular bank or in the banking industry as a whole. The mechanism can be thought about later on. Again, in the case of the employees, this pick-and-choose policy is being pursued. The only objective seems to be not to allow the representative union to have an effective say or control in the formulation of policies. Sir, I give so much emphasis on this point because in regard to the public sector industries, much has been said about the workers as if the entire blame is at the door of the workers. On many occasions I have said that this difficulty can be obviated or minimised if there is participation of the workers in the management. And since banking industry is a public sector industry to-day and this kind of participation of workers in the management is being initiated, I think it should be initiated in a right spirit, in the right direction, having in view the consequences of it, the perspective of it. If the banking industry allows the participation of the workers in the management in a very wrong way, in a half-hearted way, in an unscientific way, the very basic purpose of the workers' participation in the management will not be served. Therefore, I am opposed to this Bill and I say that in the light of the discussion . . .

THE MINISTER OF FINANCE (SHRI Y. B. CHAVAN): You are opposed to the scheme.

SHRI CHITTA BASU: No, no. You should modify it.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): No, Mr. Chitta Basu, you should please finish.

SHRI CHITTA BASU: Sir, the Minister interrupted me and I should be clear on record. I am not opposed to the scheme itself. But the scheme has to be modified and keeping in view the broad suggestions I have made. I think that will fulfil the purpose of this scheme. Again I say it will not be in order to pass this or to approve this scheme because the scheme is not in tune with the objective of the Act. It is at variance with the objective of the Act. Therefore, I would urge upon the House not to accept this without proper modification and it should be modified keeping in view the broad objectives of the Act.

SHRI BANKA BEHARY DAS (Orissa): At the outset I raised the objection that the scheme is half-hearted and has not taken into consideration all those debates that took place when banks were nationalised. At that time the Minister promised that he would come forward with a comprehensive scheme. The scheme did not mean how the boards of directors would be constituted or the managing body or the consultative body would be constituted at the regional level. The question of capital is there; what the paid-up capital should be of different banks; what the policy of mergers and amalgamations should be. So many of these things are there. Scheme is to be provided according to the Act. I am very sorry to say that after a lapse of one year, a long time after this law was passed, a long time after the Supreme Court gave its latest judgement—the banks were in fact nationalised one year ago—the Government now comes forward

with a scheme which only relates to the formation of the board. I think the Government is not very serious about the job which has been entrusted to it. I would have been very happy if the present scheme had come much earlier and included all the necessary things. At least in the next session the Government should come forward with a comprehensive scheme as per the Act; otherwise, the very purpose of nationalisation of banks will be nullified. I have no intention nor am I interested in bringing in any political motives into this debate on banks which is a very delicate financial institution . . .

SHRI A. P. CHATTERJEE (West Bengal): You cannot because you are cooperating with the Congress Government . . .

SHRI BANKA BEHARY DAS: It is not a question of cooperating with the Congress. We are not cooperating with the Congress.

SHRI A. P. CHATTERJEE: That has come out in the press.

SHRI BANKA BEHARY DAS: Mr. Chatterjee should know that in the Kerala election his party went to the extent of cooperating with the Cong (O) . . .

SHRI A. P. CHATTERJEE: Sir, Mr. Banka Behary Das is pitting a scandal against a fact. It is a fact that he is cooperating with the Congress and that has come out in the press.

SHRI BANKA BEHARY DAS: If a good measure comes, I welcome it and I have always welcomed good measures. And if a bad measure comes I will oppose it as I have always opposed bad measures. I am sorry that Mr. Chatterjee is not going by that standard.

SHRI A. P. CHATTERJEE: He is using scandal against my fact.

SHRI G. A. APPAN (Tamil Nadu): There is nothing wrong in cooperating with the Government.

SHRI BANKA BEHARY DAS. Any-way, Sir, banking institutions may not be very delicate institutions to Mr Chatterjee; he may want that banking institutions should go to ruins in this country. But I am not prepared to tolerate that position because a banking institution, just like the heart of the human body, is the heart of the economy. Just as the heart is precious to me, the banking institution is precious to the economy of the country as a whole . . .

SHRI A. D. MANI: Exactly. You are quite right.

SHRI BANKA BEHARY DAS: And if any Government tampers with the functioning of the banking institution then I will say that it is tampering with the heart of the economy. That is why I am very serious in this matter when I am discussing about banks. I may remind my friends here that during the discussions on the nationalisation of banks I talked about two aspects of the banking institution. One is the credit policy and the other is the technical control of the banking institution in this country. When banks were first nationalised in France as a model of social control, it was brought in a half-hearted manner at that time also and France developed two institutions to control the financial institutions of that country. In his country, the Reserve Bank has to operate as the technical surveillance authority of all the banking institutions of the country. But the Reserve Bank has failed in this respect. If you see the Reserve Bank's last year's report you will see that they have cried hoarse that the banking institutions are not obeying them so far as the lending or the speculative credit policy is concerned. They have cried hoarse about it last year. That means, the banking institutions in this country are so very great that the Reserve Bank which has so many functions can never control them as far as technical aspect is concerned. Banking is not like any other industry where some few shareholders have invested their money. In banking, it

is not only the government, but lots of people in this country including the lower middle class people have deposited their money or invested their money. Therefore, you cannot play with these banks. Reserve Bank is a very small institution compared with the whole country and it has to deal with so many aspects that it cannot have technical surveillance over the banking industry in the country. I again emphasise that the Finance Minister should seriously think of this problem. It is not the question of boards. After all, what is this board? The boards are to guide the day-to-day policies of the banks. The technical surveillance aspect is not taken care of in this country, as it is done in France. In France from the first day it was done. When all the banking institutions are nationalised here, I am sure that the Reserve Bank if it goes on like this, will create conditions in this country in which the banking institutions will be in a mess. I have no time to deal with that aspect . . .

SHRI Y. B. CHAVAN: You are dealing with an important point.

SHRI BANKA BEHARY DAS: Yes; but the Vice-Chairman will remind me of the time. What should be the relation between deposit and credit? Which individual bank does not follow the prescribed norm? Who is to look after these things? As it is, the Reserve Bank is entrusted with that task. But it has so many functions. Who is tampering with the lending policy from season to season? How are advances made? Which are the big business houses that are taking advances? How are these advances utilised? All these technical aspects have to be looked after by the Reserve Bank today. But it can never do it because the banking institutions have become very great in this country. I might remind you of what France has done. If you want to go into the history of banking in France, I will tell you that they have created a separate board—a technical surveillance board—for the nationalised

banks separately. There are, in fact, two boards. The second one is the credit control board which guides the credit policy. That does not look into the technical aspects because it has no time for it. The other board goes into the technical aspects so that every individual bank functions in a particular manner so that the interests of the government and the interests of the depositors and creditors are safeguarded. The Reserve Bank of India cannot do all this work. Our banking institutions have enlarged and are still enlarging. We want every village to have a bank and therefore the Reserve Bank of India can never do it. If you do not have a surveillance board . . .

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): There must be some general policy which should also govern it.

SHRI BANKA BEHARY DAS: Yes. The Reserve Bank may go into the general aspects. But the technical control and implementation of the technical aspect which has been formulated by the Reserve Bank should be the job of the surveillance board, because the Reserve Bank cannot send its inspectors to look after these matters. If you are not prepared to do it for all the banking institutions in the country, at least you start with the nationalised banks. You have fourteen nationalised banks. It is a huge job that has to be done. I leave it at that stage. I would like the Finance Ministry, which has brought in the credit council, just to oppose the nationalisation of banks, on the model of France, to do what they have done. It should go still deeper to see what France has done. Do not try to imitate France in a half-hearted manner if you want to do anything serious about it. I have no time to talk about that aspect now.

Sir, what about the credit policy? Has up till now any definite credit policy been formulated? A Credit Board was constituted just to oppose the nationalisation of banks because, I remember, and Mr. Vice-Chairman,

Sir, you may also be remembering, that when I came to this House, just after one year, I brought a resolution about the nationalisation of banks and the nationalisation of insurance companies in this House and Shri Morarji Desai was the Finance Minister then and they all violently opposed it. And, Shri Chinai was on this side and just to show that they were not against bank nationalisation, through Chinai they brought an amendment to scuttle it and the reply was that they were considering socialisation of banks and not nationalisation of banks and they talked about the social control question, and they meant something else. They talked about the flesh of the body and not about the soul of the body. That is why I do not want to bring in politics here even if it is not very palatable to Shri A.P. Chatterjee. After all it is a very delicate financial institution and/or it depends what will be the price policy of this country, whether there will be stability, what will be the credit policy of the banks and whether the banks can be allowed credit inflation to this extent as has been done in the last decade in spite of the rate of growth being very minimal in this country. Shall I remind the Finance Minister now—he replied in a defensive way to the debate on the price situation in this country—that during the last ten years, within one decade, money supply, not only through the Reserve Bank, but through all these banking institutions in the country, has gone up by about 25 per cent whereas the annual rate of growth has not been even 1 per cent, the compound rate, I mean, even in one decade? Is it not a very serious matter? Shall we allow these banks to function in this way so that these things will arise in this country. I am not going into these aspects now because the Finance Minister wanted that I should say something about the technical aspects and I think he should now seriously study the banking institutions of France which are pace-setters in the nationalisation of banks. I am not going to say that the credit policy



[Shri Banka Behary Das].

should be very similar to that. I am not going to say that, because we are living in a different context and our credit policy will have to take some risks which the French banking institutions or the British ones can never take. After all there they are on a very sound footing and their economy is of a different character. They can think of creditworthiness on the basis of assets which we cannot completely follow. So, I am not going to say that these banks are to be our guiding factors. As far as the technical aspect is concerned, it is important because after all the Government is the custodian of the money of the crores of depositors in the country through the nationalised banks.

Mr. Vice-Chairman, Sir, now I come to the amendment because I have a few amendments and I have also given some amendments about the question of the constitution of the Boards of Directors and on what should be the role of the Board of Directors, I mean, the Member in the Board who will be either elected or nominated in a dubious way by the Government.

Sir, here again I want to remind the Finance Minister that the formula of representative unions was evolved for the purpose of recognition of unions for service conditions in any industry and it was accepted in the Code of Conduct in a Tripartite Body. But when you think of the question of participation of workers in the management, we should not bring in that aspect here, because the formula evolved for the first time in the banking institution has to be extended to all other industries since we want that workers' participation in all nationalised industries should be there even in private industries. So, a formula which was evolved some years ago for accepting the idea of representative unions and which was done because of the War should not be a formula for bringing in a person as a Member in the Board

It will be an absolutely wrong thing. What is a representative union?

Any union which has a following of 15 per cent is a representative union and the management talks with this union for service conditions, for bonus, for wages and all these things. But here comes the question of the management of the industry. So here a person who has at least the majority of the workers at his back can be their representative. Take the case of HSL. When Board of HSL was constituted, the Government tried to bring in Jhon. He was, not a workers' director. The Government brought him in by the backdoor. But what happened? Because Jhon had no following there he could not deliver the goods. So I am going to appeal to you that it is not a question of industrial relations only. It is a question of industrial relations and it is a question how the interests of the workers are safeguarded in running the banking institutions of the country. So I will request the hon. Minister not to bring in the idea of a representative union having a following of 15 per cent only, to this management aspect. You also know that most of our countrymen are against the way representative union is accepted; the Central trade unions are against it. Even the Labour Commission of Gajendragadkar said that they leave this matter to the Government to see whether the representative union's idea will be determined through ballot or through verification.

SHRI MAHAVIR TYAGI (Uttar Pradesh): Sir, may I have one clarification? Would you stick to the representatives who are employees in the union, or even outsiders and politicians can dabble?

SHRI BANKA BEHARY DAS: I have mentioned, Sir, that he should be a workmen's representative. I am not saying that because I am the President of a particular union, so I should be brought in on the Board of Directors. As far as the management of the industry is concerned, workers' participation will be useful. Therefore, I am going to say that he must

be the representative of workmen, and a worker himself.

I say that two things should be accepted. First is that in every bank let there be a secret ballot. Number two, only a workman can be qualified to stand for directorship, not any outsider. But the workman could be elected by the workmen themselves. Then only the workmen will have a sense of involvement in the management of the industry or a banking institution. We must see that there is an involvement of the workmen in the management of the industry or banking institutions. How can we have a sense of involvement? Not by recognizing a union having a following of only 15 per cent.

Sir, I would request the hon. Minister to accept his idea of secret ballot. Let it be through the Chief Labour Commissioner of the Government of India, not by the management. But this idea should be accepted; otherwise this representative union idea will lead to the same quarrel on account of which not only the banking institutions are suffering but also our trade unions are suffering. That is why I say this I do not want to bring in politics here as Mr. A. P. Chatterjee wants. I say that the representative union should have an overwhelming majority of the workmen, and not just 15 per cent of the workmen, because it is not a question of service condition; it is a question of the management of the banking institutions of this country. This aspect 3 P.M. should be remembered by the Minister. I think all the amendments given by our friends support secret ballot. The reasons might be different. In the entire House there is a consensus that the person should be elected by secret ballot and the Finance Minister must accept this position. Secondly another Director is to be from non-workman but staff. I want him also to be elected. He may not be a workman but why should the Government nominate him?

SHRI SUNDAR SINGH BHANDARI: But from the staff?

SHRI BANKA BEHARY DAS: Yes. The scheme talks about those who are in service. I am not going to oppose it. I want involvement of the worker and anybody wanting involvement of the workmen will say that the representative should come from workmen. The non-workman staff will can have one Director and he should be elected by the same formula of secret ballot.

[MR. DEPUTY CHAIRMAN In the Chair.]

If all the Members support this idea, whichever amendment is accepted is immaterial. They may bring even their own amendment but I want involvement of workmen in the management by this formula and that can be done only by secret ballot not by the representative union formula, which the Labour Ministry somehow wants.

Now there is no limitation about the tenure of a Director whether he is a representative of the workman or anybody else. Because of the scandal in this country and because particular persons develop vested interest, that situation should not be perpetuated even after taking over by the Government. It is a delicate financial institution and when you have a Board of Directors from various sections of the people, sometimes the representative of the traders will be there and others also will be there sometimes. I do not want that in a particular banking institution vested interest of members of Board of Directors should develop. At least you can have a limitation of two tenures for every member of Board of Directors. Because there will be 14 nationalised banks, if you want to utilise the experience of a Director, you can shift him to some other bank. We do not want to say that should not gain by his experience but let us not, in the name of gaining, give an opportunity to a particular person to develop a sense of vested interest in a particular bank

[Shri Banka Behary Das.]

because you know how Sami Patel has come in and you know many Sami Patels are there in the country because persons who are there in particular Boards in a particular bank for a very long period will have certain vested interests developed. I do not want even the Government officials or other nominees to develop vested interests in any bank. I have given a specific amendment and if you want to utilise the services of a person in any bank, you can utilise the man by shifting him to some other bank but not by creating a sense of vested interest in him or by giving an opportunity to your officers or the Reserve Bank to have a vested interest through somebody whether he is a man in the society, whether he is an economist or representative of the workmen or officer or the representative of the traders. So, I think that in the Clause, where you have mentioned about the disqualifications of Directors,—it is Rule 10 or Clause 10—if you accept the addition of one sub-clause to the effect that a Director, whether nominated or elected—whatever might be the formula for the different categories of Directors—will not be there for more than two terms then, I think, this problem, to a certain extent, can be solved.

MR. DEPUTY CHAIRMAN: You should conclude now.

SHRI BANKA BEHARY DAS: Within two minutes I will finish. Secondly I want to say that you have not given any special consideration to the co-operative banks. You may say that you will look into that aspect. It is not proper just to say that you will look into that aspect because, after all, the co-operative financing institutions, whatever might be their demerits and however much they might be controlled by the rural vested interests for which the actual needy man is not getting the credit, they are to be the main banking institutions in the rural areas. The leading banks may

lead to a certain extent but, after all, the co-operative banks will have to operate in the rural areas among the small men there needing finance. So I have also given an amendment that out of the five Directors at least one Director should be one who is connected with the co-operative banking institutions because, after all, the co-operative banking institution will have to develop in the rural areas in spite of all the demerits that are there. So I think that unless there is also a person, who is interested in the co-operative banks, the purpose will not be served.

Next I will speak something about the representatives of the farmers, the workers and the artisans. Here I want to say that you might have to power of nomination. I do not grudge it because there is no question of election here, but it is proper that you should consult those organisations which are functioning amongst them. Let the Reserve Bank or the Finance Ministry take up the consultations to choose the persons from this field also. You may have the power of nomination but you should invite panels from those organisations which are functioning among the farmers, among the workers and among the artisans in this country, on an all-India basis. I am not going to suggest to you those organisations which are working on a regional basis or on a State basis. But at least those organisations...

SHRI MAHAVIR TYAGI: They will all be lay men as far as knowledge of banking is concerned.

SHRI BANKA BEHARY DAS: You are saying that you want their representatives, and I say that there are such persons who are also qualified to become bank directors, because politicians or Parliament Members are not necessarily qualified persons to become bank directors. There are persons who...

SHRI A. P. CHATTERJEE: It looks as though you are the most competent person to become a bank director.

MR. DEPUTY CHAIRMAN: Please conclude now.

SHRI BANKA BEHARY DAS: There are persons with the all-India organisations, which are functioning among the farmers, workers and artisans, who should be selected. Panels of such persons should be invited from the all-India organisations. Let the power of nomination be with the Government for selecting from those institution or their panels.

MR. DEPUTY CHAIRMAN: That will be enough.

SHRI BANKA BEHARY DAS: Just a last point I want to make and it is about the Regional Committees, about which you have not said anything. Now a Regional Committee may be presided over by a Minister or a Deputy Minister, and there will be five Regional Committees. Knowing for a fact that regional committees will never sit, I think at least twice a year they should sit so that the problems of the Region can be discussed and the banks functioning in the Region can have some guidance as a result of the consultations with the representatives in these regional bodies.

SHRI DAHMABHAI V. PATEL (Gujarat): Mr. Vice-Chairman, this measure comes to us after about a year of experience of the nationalisation of banks, and it is disappointing that Government has given us no indication of the experience that Government has gained or banking has gained as a result of nationalisation. It would have been very helpful to this House if in the light of the experience the suggested changes would have been made. This is something quite apart from experience. Government want these changes. I think it is not fair to this House that what the experience of the Government has been in the past one year is not placed before the House. Government does not share the experience that it has gained as a result of this. May be difficulties, may be obstacles, may be advantages, but Government should have come forward with a fair statement showing

what their experience has been in the last one year and what they propose to achieve by these modifications. A scheme was supposed to have been ready when the nationalisation of banks was undertaken. Actually, Government wanted to do it overnight but for certain reasons it had to be delayed by a few months. And what was supposed to have been ready at that time is not available to us even now, after one year. So it clearly indicates that Government went about the scheme of nationalisation of banks as a stunt. They were not ready for it. They just had a political stunt and they are continuing in the same way. What is going to be the result of these modifications? In the old days we had the Reserve Bank supervising the different banks and other financial institutions. Now the banks have changed hands and they are not now as they were before, and as a temporary measure perhaps, until the Scheme was ready, Government asked the Reserve Bank to look after them. Today is it not more or less the same thing continuing? It is bureaucratisation of the banking industry. I do not think that was what was meant by notification of banking. It has resulted in bureaucratisation of the banks. It is alleged that before nationalisation the big monopoly houses had control over banks and they utilised the money for their own purposes. If that was the reason why banks were nationalised it should be very easy and very fair to expect from the Government a statement giving us what has happened in this one year, whether nationalisation has resulted in the removal of monopoly or whether it has become a monopoly of Government servants, Government officers monopolising and controlling the industry instead of a few top businessmen in this country. Banking industry after nationalisation was supposed to make credit easy for people, for farmers particularly in the rural areas. Is it the experience? What is the experience of people who have tried to get credit in rural areas? Government has failed to tell us but every Member of this House knows

[Shri Dahyabhai V. Patel.]

what happens, knows how difficult it is for a poor farmer to get a loan. Has it not resulted in a lot of corrupt practices? Has not this step of nationalisation resulted in bureaucratisation and addition of corruption to the banking industry.

And what is the service we have been able to give to the customer, whether it is farmer or ordinary small businessman? Has it improved in any way? Was that not one of the reasons for nationalisation? I am sorry to say that here also the experience points the other way. Applications for loans are delayed. Credit which is required urgently is very often not available, the man is sent from pillar to post. So the purpose that nationalisation of banking was supposed to fulfil does not seem to have been fulfilled. And what has happened to the staff? A certain amount of slackness has developed like in all Government offices. Papers get lost; people have to go from pillar to post and there are delays for which nobody is accountable. This is what is happening in the nationalised banking industry as is happening in all other Government offices. The same thing is happening in nationalised insurance and the same thing is happening here in nationalised banking. I am glad on the one hand to see that 2,000 new branches have been opened but what is the result? Was Government ready to open these 2000 new branches? Has it been a real service to the people or has it just been a mere addition of so many more people in service and more service bill on the banking industry which ultimately now means on the nation? What is the result? Is the Finance Minister able to tell us whether this has resulted in any gain in any way? Has the banking industry prospered as a result of opening so many centres? Has credit been more readily available in the rural areas? Then, we have a series of Boards. Formerly there was one Board of Directors. Now, Boards and controls

and a spiral of controlling boards are there, which naturally will mean delay for any proposal to get through. And then there is the element of political patronage. Who are going to be appointed Directors? Is the Finance Minister in a position to assure us that there will be no political patronage in this? No criteria are laid down as to who are to be appointed Directors on these Boards. I thought when a set of rules are put before us, there would be clarification on this, as to how the Directors are to be appointed. There is no rule under which Directors are to be removed. It is at the sweet will and pleasure of the Government. There should be something laid down.

SHRI A. P. CHATTERJEE: So, you are for service conditions for Directors and not for the ordinary employees.

SHRI DAHYABHAI V. PATEL: I am not. I have not said no service conditions for the employees. Mr. Chatterjee, do not misrepresent thing in this manner. It does not help your cause either. I have never said that there should be no service conditions for the employees, but I say when you appoint a Director we should know how you appoint him. We should know his qualifications. There should be some rules or something laid down. Then, if he is appointed for one term, does he continue for another term? How does he continue? Is it an appointment just at the sweet will of the Finance Ministry? These things should be clarified. This is all the more necessary when all the authority is concentrated in the Finance Ministry. The Finance Ministry is a powerful Ministry by itself. The Reserve Bank was a powerful body before this bureaucratisation. Now, the Reserve Bank also will become subservient to the Finance Ministry and all these banking institutions also will become subservient to the Finance Ministry.

My friends, the previous speakers, have dealt with question of representation of workers. They have very

valid reasons to point this out. How can a union with 15 per cent claim the right to appoint a Director? They should certainly have more than fifty per cent, if they are representing the workers and want to sit on the Board. The minimum should be fifty per cent at least, not 15 per cent.

The banking industry was supposed to go in consultation with the Reserve Bank. The Reserve Bank was supposed to outline their working. In regard to the interest rates for various kinds of borrowers a certain amount of flexibility should be there. Has this been laid down for the managers of the different branches of different banks? We should have some picture of this. How is the Finance Minister's mind working on this? Is there rigidity or flexibility on this?

**SHRI Y. B. CHAVAN:** Flexibility about what?

**SHRI DAHYAEHAI V. PATEL:** Flexibility about conditions under which loans are given, the rate of interest. A certain type of loan is given and under a certain condition a little higher rate of interest may be charged. In certain instances that may not be necessary. Now, are there any rules about it, or is it left to the man, with the discretion going from the managers of the different banks and the Boards of Directors right up to the Finance Ministry? How is this going to work? In the past we had a type of professional service of people specialised in the banking industry. They were able to give their professional service and knowledge and experience. Is this going to continue? How are the borrowers going to get advantage of this as they have been getting in the past from the banks? Is the Finance Minister able to tell us whether this is going to be available or not, because we do not know who are going to be the directors, how they are going to be appointed. They can be dismissed by the Finance Ministry without giving reasons. I think that is very objec-

tionable. At least the Finance Minister should accept the amendment that if a director is removed, it should be done for valid reasons, and not because he has offended somebody in the Finance Ministry.

Quite a lot of business in banking was done by Boards. Now we are going to have a series of Boards or Committees. The Board used to meet, if necessary, once a week, of most of these banks, sometimes oftener depending upon the circumstances and exigencies of business. Is this going to be continued? Some of the Boards are supposed to meet once a month, and if there is an urgent case and if somebody wants a loan urgently, how does he go about it? Is this going to help banking? Is it going to simplify matters for the borrower? Will the Finance Minister tell us something about this? We thought when the scheme was placed before us that the Finance Minister would take us into confidence and tell us about this.

Already, I think the Finance Minister also knows, there is a lot of difficulty in realisation of cheques after banking is nationalised. This never happened. At the most in a week's time the man who drew the cheque knew whether his cheque was all right or not. Now it takes two or three weeks, and for what? For two different bank offices which are a few miles apart, just because the offices happen to be a few miles apart, for a cheque drawn from one bank and sent to the other bank it takes two to three weeks. How can business be carried on if this is the experience of the nationalised banking institutions?

In the past the managers of the banks used to enjoy a lot of authority in the matter of granting temporary accommodation. Sometimes they were allowed to exceed the margin of the credit that was sanctioned to them. How is this going to work? Suppose the man's credit is Rs. 50 lakhs and he wants to draw something more, say, Rs. 5 lakhs, perhaps the man-

[Shri Dahyabhai V. Patel.]

ager of the bank would give him that on his own initiative knowing his circumstances and get it ratified by the Board of Directors later perhaps. Is this going to be done? Is it ever envisaged or is it not going to be done at all?

This proposal of the Finance Minister is disappointing because it does not disclose to us what the Finance Minister should have done—the experience of this one year, what has happened, how after nationalisation of banking services for the poor man, for the farmer, for the poor merchant have improved as a result of this, etc. What we learn from hearsay and from personal experience of many people is that the services have deteriorated. To draw a cheque anywhere it takes a long time. Quick service which one used to get before is not available, and much more so in the case of cheques going from one place to another. How does the Finance Minister mean to remedy this? In the light of this experience I have given notice of certain amendments. I do not know whether the Finance Minister is in a mood to accept some of these amendments. But there are several amendments striking the same note from different hon. Members, and I hope that the Finance Minister will give due attention and accept the reasonable amendments that have been given. Of course I feel that what I have given is very reasonable. Even if he goes by the normal democratic practice of looking at the amendments, which have struck people with different points of view in this House, from a different point of view, yet there is a type of unanimity in them and the Finance Minister should have no hesitation in accepting them.

SHRI K. P. MALLIKARJUNUDU (Andhra Pradesh): Mr. Deputy Chairman, with all humility and without meaning any derogation to the previous speakers, I am inclined to say that much of the discussion that took place so far is beside the point. The

motion before us is about the scheme that has been formulated under Section 9 of the Nationalisation of Banking Act. If you examine the scope of that section, you will find that it deals with three important aspects of the matter. Under that section, the Central Government is empowered, in consultation with the Reserve Bank, to frame a scheme for three purposes. What are those three purposes? One is the capital structure of the banks. And an upper limit has been put that the capital should not exceed Rs. 15 crores. That is the first aspect of the matter. What about the second? The second relates to the reconstitution of the Boards of Directors. That is the point with which this Motion is now concerned. The third aspect is the reconstitution of the banks by amalgamation or transfer or whatever it is. Some kind of amalgamation or transfer is contemplated. So, any scheme formulated under Section 9 must relate to these three aspects. And this scheme now present before us relates to the second aspect, that is the reconstitution of the Boards of Directors. So, whatever criticism we offer, I think, they must be confined to this aspect of the matter. To go beyond that is to assume jurisdiction which we do not have.

Sir, my submission is that this Section 9 imposes certain restrictions on the power of the Government to constitute these Boards. It says—while constituting the Board the Government should include—and it is a matter of obligation—representatives of the employees and of depositors of such banks. Secondly, it says, "Such other persons as may represent the interests of each of the following categories, viz. farmers and artisans." This is an obligation cast on the Government. Subject to that condition and limitation, the Government is empowered, in consultation with the Reserve Bank, to reconstitute all these Boards of Directors. Under these circumstances, we have got to examine whether the scheme now presented does justice to the principles in Section 9. I should

like to examine this scheme with reference to those matters.

First of all, I should say that in the scheme as envisaged in the Act, there will be 15 directors. These directors are constituted like this. There will be two whole-time directors. There is one director from employee-workmen. There is one director from employee-non-workmen. There is one director from among the depositors. There are three directors representing farmers, workers and artisans. There are five directors with some special knowledge. There is also one director for the officers of the Reserve Bank and another director to represent the Central Government. This exhausts the list of directors which, if I am not wrong, is a 15-man strong team.

In this connection, I would like to point out that the farmers are not properly represented. In this scheme only one seat is given to farmers. You know, Sir, farmers constitute the biggest community in India. When such is the case, there is absolutely no justification for allotting only one seat on the directorate to the farmer community. So, my objection is that the farmers should be given more and better representation. That is one thing.

Secondly, the money of these banks comes from the depositors. Unless the depositors are encouraged you cannot get sufficient money. You have already seen from the answers given by the Finance Minister in this House that the rate of deposit growth is falling as compared to the last year and the previous year. So you have got to create confidence in the depositors, and unless they get that confidence you cannot mobilise the savings and attract deposits. In that view of the matter, I think one representative from the class of depositors is inadequate; they should be better represented. That is one point I would like the hon'ble Finance Minister to bear in mind.

Then, there are five directors, who are taken in for their experience. In that connection my amendment says

that they should be men of sufficient experience in banking. So it is very necessary for the proper and efficient management of the banks that the Directorate should be manned by efficient men, men of experience and ability. If that consideration is lost sight of, we shall witness the same spectacle as is now obtaining in our public sector undertakings.

You know, Sir, our public sector undertakings are a great drag on our economy. Even yesterday we found that in the half year ending September, we have incurred a loss of Rs. 41 crores in the management of public sector undertakings. So we should take care that those banking institutions also should be manned and managed by efficient and able persons.

Sir, I am very sorry to say that a new theory has come into being recently, the theory of 'committed persons'. It is a very dangerous theory, in my opinion. I should request the Government to see that that theory should not have any place in the appointment or nomination of the directors on that Board. So I should warn the Government that they should take particular care to see that this theory of commitment will not creep into this banking business.

Again, I should like to say one or two points generally. Of course, I already touched upon the point that experts with impartial bend of mind, with no commitment to any particular ideology, should be there. It is also necessary in my opinion that they should develop expertise in these days of modern civilisation. Where experts have a significant place, expertise in our Directorate should be encouraged and developed. Unless that point of view is kept in mind, there is danger of our losing the main points and our institutions going to ruin. So I would like that the Directorate should be so constituted as to encourage expertise on the part of the people otherwise, Sir, there will be that danger.



[Shri K. P. Mallikarjunudu.]

Another point which I would like to refer to is this. You are going in for the nationalisation of banks to expand your banking operations in the rural areas. You know that in the rural areas three or more agencies are functioning as lending agencies—co-operative section, the Government section and now the commercial banks which are also going into the field. So there should be proper co-ordination of all these activities so that there should be no overlapping or duplication. You must take care to see that when you expand your activities into the rural section there should be proper co-ordination. There should be no confusion or overlapping. That aspect has got to be borne in mind. These are my main objectives.

I do not want to go into the general question of the banking system and all those things because, according to me, they are irrelevant for this discussion. So I wanted to confine myself to the scheme, very important section 9 of the Banking Act. One more point, Sir and I would be done. I do not know why so much delay has been caused in presenting this scheme. The Act came into existence as early as in July. It is more than five months. I do not know why the Government should take so much time in framing the scheme. In fact, they should have been ready with the scheme even when the Act came into force. So, my charge against the Government is that they have caused delay in bringing this scheme into operation so late as this. With these few remarks, I conclude my speech.

SHRI M. V. BHADRAM (Andhra Pradesh): Mr. Deputy Chairman, Sir, this is a scheme under which the Boards of Directors of the 14 nationalised banks will be constituted. I would like to say that the scheme, because of the way in which it has been drafted, does not go in the direction of more democratisation of the banks. Till they were nationalised, these banks were controlled by the private monopolists.

The other so-called nationalised banks, the Reserve Bank of India and the State Bank of India, have been managed by the bureaucrats. If we go by the way in which the State Bank of India and the Reserve Bank of India are being managed, I do not think that the hopes that were created last July by the nationalisation of these 14 banks will be fulfilled even to the extent of five per cent.

Now as far as the representation of the workmen and non-workmen staff is concerned, the procedure for deciding the representative union is given as "verification" in clause 2(h). Now, people who are working in the trade unions are very familiar with this "verification" procedure. It breeds all sorts of unfair methods to be indulged in by the trade unions....

SHRI BANKA BEHARY DAS: And the Government.

SHRI M. V. BHADRAM: I am coming to that.

SHRI Y. B. CHAVAN: He does not want to mention Government.

SHRI M. V. BHADRAM: I do not want to mention Government, but I would mention the Government Officer. It depends very much on the honesty and integrity of the verification officer.

SHRI BANKA BEHARY DAS: Government also directs officers.

SHRI BHUPESH GUPTA: Mr. Chavan need not be told about verification; he knows it very well.

SHRI BANKA BEHARY DAS: But the officers are also directed by the Government to act in a particular way.

SHRI M. V. BHADRAM: So far as that aspect is concerned, when the Labour Minister or the Deputy Minister is tied up with a particular type of union...

SHRI BANKA BEHARY DAS: They do it.

SHRI M. V. BHADRAM: Not "do it" they did it, in several cases. Once I was a victim myself. Now, how is this verification done? How is it going to be done in this case also? The membership lists of the various unions are to be given to an officer nominated or specified for the purpose, i.e. the Chief Commissioner of Labour and if there is any objection given by the contesting unions, the officer goes to the spot and does spot sample verification. It may be 5 per cent or 10 per cent or 20 per cent. He goes secretly and asks the workers to which union they belong. The worker says, I belong to X union. He writes Y. There is no proof to show. And later on if there is any complaint against the officer, he will say, "No, no. When I went there he said he belonged to X union, but now he is changing his mind." Therefore, what is happening is another bad practice has crept into the trade union and that is inflation of membership of the unions. For instance, 5,000 will be the actual paid membership but for purposes of verification it goes up to 7,000 or 7,500 for competition. All these bad practices have come into this field. That is why the IITUC and the HMS are also totally opposed to this verification procedure. They opposed it in the Standing Labour Committee. The only unfortunate argument is...

SHRI BANKA BEHARY DAS: Do not bring in that aspect. What you say is absolutely correct.

SHRI Y. B. CHAVAN: The solution is not to completely by-pass it. The solution, really speaking, is to make the trade union movement more representative and more powerful.

SHRI M. V. BHADRAM: I am coming to that...

SHRI BANKA BEHARY DAS: (Interruptions) In the unorganised sector it may be very great.

SHRI Y. B. CHAVAN: Fifteen per cent is the minimum (Interruption)

SHRI BANKA BEHARY DAS: But in many industries 15 per cent are not unionised....

SHRI Y. B. CHAVAN: We are today talking about the banking industry. What is the use of talking about some other industry . . .

SHRI M. V. BHADRAM: I come to the point the honourable Minister raised, how a representative union is to be ascertained. This is the formula adopted from the code of discipline awarded by the Ministry of Labour. I do not think the honourable Minister will deny that fact. There the minimum is 15 per cent. Any union which holds a membership of below 15 per cent will not be entitled to contest at all. For contesting it must have not less than 15 per cent. How is it going to be decided here? Suppose there are unions with more than 80 per cent membership. I also do not concede the point which Mr. Banka Behary Das made. As far as the banking industry is concerned, the membership of the unions is more than 80 per cent. They are very strong unions. There is no question about them. The question of 15 per cent does not arise at all in this case. Therefore, when ascertaining the representative character of a union it is necessary to hold a ballot to decide which union is having more number of members on its rolls. When this is done the strength of the union will come there; otherwise what is happening now is the representative union has to submit three names of workmen to the Government and the Government will choose one of them as the director. This creates problems and probably it may go a long way in destroying the trade union movement itself because after all, we are human beings and we can be placated at any time. So out of the three, the Government or the Reserve Bank or whatever authority it may be, chooses one and goes on playing one against the other. It creates confusion among the workmen thereby discrediting the trade

[Shri M. V. Bhadram.]

union itself. We want a strong union to back up this nationalisation and proper functioning of the banks. You give the choice to the union to nominate. That procedure is also there in existence under the Major Port Trusts Act where the unions give the name and the Government has no option but to accept that name. That person has got to be appointed once the representative character is decided, and the nomination has got to be left to the union. I have been a member of one Port Trust and that is how I have come here. Therefore, this Government should not have that flexibility of selecting one against the other. It goes against the fundamental principles of trade union movement. Similar is the case of non-workmen. There are officers. The same principle which is applicable in the case of workmen should also be extended to a director who is to represent the non-workmen's union. I would say in this connection that clause 9(1) is very obnoxious. It gives power to the government to remove anybody at any time they like.

SHRI A. G. KULKARNI (Maharashtra): How?

SHRI M. V. BHADRAM: Shri Kulkarni may not have gone through this scheme. On page 9, clause 9(1) says that a Director appointed under sub-clause (b), (c), (d), (e) or (f) of clause 3 shall hold office for a period of three years and shall be eligible for reappointment:

Provided that the Central Government may after consultation with the Reserve Bank, remove from office any Director appointed by it under sub-clause (b), (c), (d), (e) or (f) of that clause and appoint in his stead another person to fill the vacancy...

MR. DEPUTY CHAIRMAN: You should conclude now.

SHRI M. V. BHADRAM: Once the Directors are appointed, they hold

office for three years. But that is not guaranteed because there is an overriding proviso which will give the power to the government to remove any Director at any time. Of course, that power will be exercised in consultation with the Reserve Bank of India. In other words, the Reserve Bank of India will advise the Government of India to remove Shri Kulkarni from the Board of Directors or somebody else.

MR. DEPUTY CHAIRMAN: You must wind up your speech now.

SHRI M. V. BHADRAM: Therefore, this power should not be given to the government. If a representative of the workmen or non-workmen forfeits the confidence of 60 per cent of the union, then he should be removed on the advice of the union. This is my suggestion.

There is another most discriminatory thing against the workmen in clause 13(2) dealing with the management committee. There, the workmen are excluded on the ground that they are not eligible or qualified to be on the management committee. It is confined only to bank officials and the government officials. In that way it is a great discrimination against the workmen. The workmen and the staff working in the banking industry know very well about banking, but they are not qualified to be on the management committee. Why should it be so? If the government chooses a particular individual who represents the workmen or the staff, why should he be excluded from the management committee?

Then there is an advisory committee and there are regional committees. Here again, it is left to the choice of the government. Shri Banka Behary Das did not want to introduce politics. But I would say that this will probably be used by the government for politicking and to win over people and these people will be nominated and put on the regional committee. This should not be there. I would suggest that

the representatives of the workmen should also be there on the advisory committee and on the regional committee.

This is my last point. In my place there is a State Bank of India branch. I have had several complaints from people saying that while advancing loans and credits, some of the officers have started taking commission. Unless commission is paid, people will get loans at all. Even the small-scale industrialists, even to purchase a drilling machine or a pump-set or such other things, have to pay commission. I am only just warning the Government that this practice should not come into the nationalised banks.

SHRI BANKA BEHARY DAS: So it can be continued in the State Bank?

SHRI M. V. BHADRAM: Members walk of life is corrupted now.

MR. DEPUTY CHAIRMAN: All right. Please conclude.

SHRI M. V. BHADRAM: Members of Parliament also are taking money to put questions.

MR. DEPUTY CHAIRMAN: Please conclude now.

SHRI M. V. BHADRAM: The other day Mr. Danyabhai Patel has said so in the House.

SHRI A. D. MANI: It is not correct. No Member of Parliament takes money for putting questions.

MR. DEPUTY CHAIRMAN: It is not fair.

SHRI A. D. MANI: Send it to the Privileges Committee.

(Interruptions)

MR. DEPUTY CHAIRMAN: All right. Mr. Bhadram, please conclude now.

SHRI M. V. BHADRAM: I want to clarify.

SHRI BHUPESH GUPTA: If the Minister can take bribe why cannot the individual take money?

SHRI M. V. BHADRAM: I might remind Mr. Mani that last year when the Bill for enhancing the allowances of....

SHRI AKBAR ALI KHAN (Andhra Pradesh): If there are some people, expose them.

SHRI A. D. MANI: I do not mind if you mention the names of people and go to the Privileges Committee. He says Members of Parliament take bribes.

SHRI BHUPESH GUPTA: He said what he thinks should be said.

SHRI M. V. BHADRAM: Not only that. I would also like to refresh the memory of Mr. Mani—if he was sleeping—that the other day when the Bill for enhancing the allowances of Members of Parliament came up for discussion in the House, Mr. Danyabhai Patel stood up and gave the same statement to justify the increase. I contested that day also. If you want you can go back to the old record and look at it.

MR. DEPUTY CHAIRMAN: Please conclude.

(Interruptions)

SHRI M. V. BHADRAM: I am saying that he has said it..(Interruptions)..I said "some Members of Parliament".... (Interruptions) ....

SHRI A. D. MANI: Sir, you cannot allow it.

MR. DEPUTY CHAIRMAN: Mr. Mani, I have said that he should not cast any reflections on the Members.

SHRI A. D. MANI: Sir, if allegations are made I can understand. He says 'some Members'.

MR. DEPUTY CHAIRMAN: Mr. Mani, I have already said that he should not cast any reflections on the Members.

SHRI M. V. BHADRAM: There-  
 fore, the corrupt practices that have  
 set into the State Bank of India  
 should not be allowed to come into  
 the 14 nationalised banks. On the  
 other hand, Government should take  
 steps to see that taking of commission  
 from people who go to the State  
 Bank for any loans should be stopped  
 immediately. Thank you.

SHRI A. G. KULKARNI (Mahara-  
 shtra): Sir, I stand here to support  
 the scheme presented to the House by  
 the Government. The scheme may  
 be called the Nationalised Banks  
 Scheme, 1970.

Sir, while supporting this scheme I  
 have got certain observations to  
 make and those observations, parti-  
 cularly, are of two categories. One  
 is about the Directors, how the  
 Managing Director and other Direc-  
 tors are appointed, etc., and the other  
 is about the Reserve Bank of India  
*vis-a-vis* superintendence over the  
 nationalised banks and other types of  
 banks.

[THE VICE-CHAIRMAN (SHRI BANKA  
 BEHARY DAS): (in the Chair).]

The Government is going to consti-  
 tute a Board, and the Board is to be  
 assisted in day-to-day management  
 by the Managing Director and two  
 full-time Directors. There is also  
 provision for Regional Advisory Com-  
 mittees. Here, Sir, I want to draw  
 the attention of the Minister, parti-  
 cularly to the fact that in the olden  
 days when the banks were not nation-  
 alised, it was the experience that at  
 regional levels and local levels, the  
 Board had Advisory Committees and  
 now, Sir, as it is envisaged, the Board  
 is going to meet once in three months  
 and the day-to-day management is  
 being entrusted to the Managing  
 Director and two full-time Directors.  
 I do not understand the new set-up  
 of things particularly when the Gov-  
 ernment and the Parliament desire  
 that a new concept of creditworthiness  
 a new type of risk and flow of money

into some priority sectors, have to  
 take place. Sir, it is not the risk  
 which has to be taken by the Manag-  
 ing Committee or the Board, what-  
 ever it is and I do not understand  
 how the Government thinks that a  
 meeting to be held every three months  
 will do justice to the vast number of  
 applications received from different  
 sectors of industries, whether small-  
 scale sector or farm sector or the  
 organised sector. So, it seems that  
 there is a lacuna in that and some  
 provision for the Regional Advisory  
 Committees be made and that concept  
 should be activated to give assistance  
 in this connection.

Then, Sir, about the appointment of  
 two whole-time Directors, how is the  
 Government, the Ministry of Finance,  
 going to appoint those two full-time  
 Directors without consultation with  
 the Reserve Bank of India? Sir, the  
 two whole-time Directors are to work  
 under the Managing Director and that  
 Managing Director is not going to be  
 consulted about the two Directors to  
 be appointed. It seems to me that it  
 is absolutely a bureaucratic approach  
 of the Finance Ministry as well as  
 the Reserve Bank of India and here  
 also, unless the Managing Director is  
 consulted about the two Directors to  
 be appointed and his opinion is taken  
 in this selection, this will also be a  
 step which will not help the smooth  
 functioning of the banks. Then,  
 Sir, the day-to-day administration of  
 the bank is managed by the Manag-  
 ing Director, two Directors and four  
 non-official Directors. But I think,  
 Sir, if I am right—I do not say exact-  
 ly, but I stand to correction—that  
 these four non-official Directors are to  
 be changed every year. If they are to  
 be changed every year, what will be  
 the continuity of thought and what  
 will be the continuity of thinking on  
 the granting of loans to the various  
 sectors?

SHRI Y. B. CHAVAN: To which  
 part are you referring?

SHRI A. G. KULKARNI: I am referring to the day-to-day management by the Managing Director, two Directors and four non-official Directors.

SHRI Y. B. CHAVAN: On which page? I do not think there is any provision. Is there any provision that the Director must be changed every year?

SHRI A. G. KULKARNI: Yes, that is what I think, Sir. I read it. But I will come to that question later. I have very little time and I must go. Then, Sir, what I feel is, in all justification, when out of about 3,000 crores of rupees deposited in the nationalised banks a major share is given at present to the organised sector of industries and if the Government's intention is to give more money to the farm sector and small-industry sector or the other weaker sector, one can understand that. But the present industries—you cannot starve them and it will be a folly to starve them. Perhaps I think the representation that is given to trade and industry now seems to be inadequate in this connection, because their contribution towards the total production or the gross national product is of a very high order.

Then, Sir, about the representation to the unions, I fully appreciate what Shri Banka Behary Das at that end said. Some scheme has to be evolved wherein the involvement of the unions and the involvement of the labour representatives is of vital interest. Sir, I have also my own experience and I have found out that wherever, in a co-operative society of even a large character, the Director of the co-operative society selects some representatives from the labour, it does not work in respect of the labourers and some such difficulty arises and I support my colleague on the other side who has said that the involvement of the labour unions or the labour representatives must be of a vital character and it should not be foisted on them by any organisation

whatsoever. If you are really 4 P.M. making a shift, make it a worthwhile shift, because this is a longer perspective; it will take time. My friend, Shri Banka Behary Das, said that this is a very delicate matter. This is a delicate nature of industry. This is not an ordinary industry. We are dealing with money, crores of rupees the credit-worthiness of the parties. A very heavy responsibility lies on the Director. It will take time.

Then, Sir, I come to another aspect of the problem—about the removal of the Board of Directors. Sir, I was under the impression that the removal of the Board of Directors in any scheme anywhere, whether it was a commercial bank, a scheduled bank or whether it is a cooperative society or any such organization, the disqualification clause only is the removing clause; it is the only operative part. But what here is stated I just do not understand. How can any Director be removed by any ad hoc decision taken by the Government? I understand that the Directors are concerned with huge amounts; the depositors' money is vital; but the removal of Directors can only be after three years. But before three years if you are going to remove him, at least you must give him the reason, you must give him the show cause notice; otherwise it will be an unjustifiable act. I think this needs to be looked into.

Then, Sir, I come to another aspect of the matter. Shri Banka Behary Das really made a very vital point when he said that the superintendence or the survey by the Reserve Bank of India had to be gone into. On persons like me, who are sitting in the decentralised places and are connected with a certain kind of economic activity, the Reserve Bank has acted as a spoke on their development. This is what is the experience up to now has shown. Sir, it has been rightly pointed out that the technical competence of the Reserve Bank and the social character of the Reserve Bank have

[Shri A. G. Kulkarni].

to be bifurcated, because what is happening at present is that the person who represents the Reserve Bank on a particular Bank Board is now taking a very legalistic attitude. He says, "These are the Government rules; nothing can go beyond that". That means that the Government has no desire that the money should flow into priority channels. Actually, Sir, the money is not flowing into the desired channels as the Parliament or the Government has desired. This is because of the unpracticable, unpragmatic or lack of vision in the representatives of the Reserve Bank of India.

Sir, I will cite one or two instances here. During the last twenty-five years we have seen how the Reserve Bank of India has been working. We have seen about 500 small banks being liquidated before the very eyes of the Reserve Bank of India. Many of the scheduled banks have been liquidated before the very eyes of the Reserve Bank of India. If the Reserve Bank of India was competent enough and had technical surveyors, why did such calamities occur? The Bihar Bank is the recent example. What happened to the Reserve Bank for the last ten years when the Bihar Bank was doing business? Ultimately when they came to a certain position wherein they cannot meet the depositors, that bank was asked to be liquidated or amalgamated. Sir, there is something radically wrong for this failure. There is something radically wrong with the scheme of the Reserve Bank regarding superintendence of the scheduled banks. So if you want to have any worthwhile scheme, have a worthwhile scheme to review and streamline the working of the Reserve Bank. I give you another instance. The Bank of Poona was a Scheduled Bank. That was controlled by so many trade interests. It was forced by the Reserve Bank to merge into another bank. Why? The Reserve Bank thought that the Bank of Poona may not be able to meet 100 per cent payment back of the depositors and

they thought this should be merged. If that was a fact, the Bank of Poona was merged into another Bank and that bank within a period of one year paid the shareholders back the every and everything was wound up and the bank is extinct. That small Scheduled Bank was serving some community and was doing nice work. So the Reserve Bank is actually failing in its duty. I am not an economic Pundit and I am only giving some practical difficulties. Another difficulty with the Reserve Bank is the policy of interest rate. The World Bank made a survey of the money market in this country and they have forecast that till now the monopolists and the big industrialists who controlled the Banks had deliberately kept the deposit rates of interest down and that is why the money lenders in the rural areas and smaller places were granting loans to the farmers and the weaker sections at 40 per cent interest and these industrialists were getting cheaper credit, between 6 to 8 per cent interest. That deliberate attempt to keep down the interest rate has resulted in the deposits of this country to go down from Rs. 14,000 crores to Rs. 4,000 crores. So I draw the attention to this aspect. He has evolved a scheme of differential rate of interest but that must be commensurate with the market operations in this country. The Reserve Bank has another social concept. The Banking structure requires a coordinated effort. I asked the Minister, what is the scheme of the Lead Bank. The Lead Bank was expected to make area survey and see how credit should flow. At that time I was told that the Lead Bank might not have gone to the area I had in mind. Perhaps the House will agree with me because everybody is coming from some place. There are some 6 to 8 branches of the nationalised banks working and they are overlapping their operations and all the nationalised banks' branches are overlapping the cooperative credit structure. For that I was told that a meeting was called by the Finance Minister. The overlapping by the nationalised banks with the credit structure of the economy is also not

desired and that is why I draw the attention of the Finance Minister that the Reserve Bank requires radical re-thinking particularly regarding its technical competence. In its pragmatic approach towards solving the day to day problems the Reserve Bank is taking a very stiff attitude and deserves condemnation because credit is being denied to needy persons. They say about the dominant undertakings and the monopoly undertakings. There are the small ancillary industries which are getting work from the big industries, and they say, because the big industry has got a credit of Rs. one crore and above, the small industries cannot get credit. It is a funny thing. So I had the matter brought to the notice of Dr. Hazari, and it took one year to solve the problem of the small industrialist. The Finance Minister has presented this scheme, and as the Members are desiring to know actually the working of the Reserve Bank and of the entire nationalised banks during the last one year, it requires a review in the light of what I have mentioned above. Thank you.

SHRI A. D. MANI: Mr. Vice-Chairman, Sir, I have tabled certain amendments to the Banking Scheme, and while endorsing them and reserving my right to make comments later on, I would like to take this opportunity to make a few observations on the nationalisation scheme of the banking structure. Sir, we have completed a significant period in the history of these nationalised banks and I am sorry to say that the scheme under which the banks were nationalised by the Government has not met with unanimous approval but only met with biting comments in every part of the country. There has been a great deal of disappointment with the working of the nationalised banks, and one of the staunchest critics of the Government, the 'Statesman', has made an allegation that "Rs 701 crores have been advanced by these banks, but predictably, this burgeoning credit has made little impact on agriculture or small-scale industry. There could

be no worse indictment of State ownership than that it helps the rich peasant to become richer. But this is precisely what has happened. Far from eliminating inequalities of wealth, nationalisation would appear only to have entrenched it." These are very serious allegations made against the nationalisation of banks, and I am sorry to say that Government, in its numerous pronouncements on the working of the scheme of the nationalised banks, has not controverted, even indirectly, the allegation made by the 'Statesman'. Sir, as one who knows something about the working of these nationalised banks—I was running a newspaper on the managerial side some time ago—I can say this that, after the nationalisation of banks, the banks seem to have taken it into their heads to regard industry as more or less an unwanted appendage of the credit structure. And their concentration has been largely on agriculture. Even in respect of a standing overdraft credit to industrial agencies or industrial enterprises, the banks have taken the line that the credit must have some relation to their deposits. This answer has been given by some of the banks when I talked to them. They said we would like to help A, B, C, but unfortunately our credit policies must have relation to our deposit policies; since our deposits are falling we are not able to help the industry. Sir, it is a very significant feature of the scheme that while industry has been the mainstay of the banking structure not only in India but also in France and in many parts of the world no provision has been made in the nationalised banking system for industry. Farmers are given representation very legitimately I would say; workers are given representation and that too can be easily defended on public grounds but what grounds can you advance for excluding industry for representation. There has been no mention whatsoever of industry in the banking structure. The country is not against industry; Government may not be in favour of industrialists but as far as industry is concerned it depends for its financial



[Shri A. D. Mani.]  
sineus on the help given by nationalised and other banks and it should have been given some representation not necessarily by one of its own elected representatives. Government would have chosen somebody from the industry to represent the interests of industry on the Boards of these nationalised banks.

Sir, regarding the nationalised banks it is surprising that after advancing Rs. 701 crores, Rs. 190 crores have been borrowed by the nationalised banks from the Reserve Bank as against Rs. 31 crores last year before nationalisation. Why has this money been borrowed? And at the same time bank deposits have fallen from Rs. 645 crores to Rs. 595 crores. What is happening is that private enterprises and concerns are offering higher and competitive rates of interest for fixed deposits. I can mention the case of the Imperial Chemical Industries which accepts deposits at the rate of 12 per cent. The Imperial Chemical Industries has worldwide ramifications and is as good as any nationalised bank from the point of view of financial solvency and naturally people want to invest their money to get a proper return for their savings. This has led to a diversion of deposits from the nationalised banks to the unscheduled private sector.

There is another point also about this. In regard to the financing of industry what has happened is banks are taking up the stand that they will finance future expansion but not current expenditure. They feel that current expenditure must be met out of the revenues and not through overdrafts. When these stringent conditions are laid, naturally industry goes to other sectors of the economy for help. This has also led to a diversion of deposits from the banks to private enterprise which accepts deposits at competitive rates of interest.

Sir, I would like to go on and make a few observations on the banking

system after nationalisation. I believe it was the Prime Minister who said that it is the object of the banking system also to safeguard the interests of the depositor by running it at a profit. I am not able to quote her exact words but this is what she said at that time. The Finance Minister must tell us whether the idea of running this banking system on a nationalised basis is to see that the banks run at a loss. After all even these banks must run at a profit. This is State enterprise like any other public sector; we have spent about Rs. 75 crores by way of compensation. Is it the goal of Government to see that this banking structure is run at a loss and should be run at a loss? After all the depositors have got the right to expect the Government to see that these nationalised banks run at a reasonable rate of profit, at least 4 per cent or 6 per cent, but we do not want the nationalised banks in pursuing its object of trying to provide credit to the countryside and to the weaker sections of the economy should be run at a loss. If you want to help the weaker sections of the economy, let us make an outright grant to the concerned Ministries for helping the weaker sectors of the economy.

SHRI Y. B. CHAVAN: What is your fear? I do not understand.

SHRI A. D. MANI: I only want this. In the Unit Trust also you take money but you are always proud of telling people that you are giving 7 per cent return. We do not want to be taxed for the schemes which you are trying to push through the nationalised banks which is making the nationalised banks run in the red. The other day Mr. Morarji Desai, former Finance Minister, made the allegation that the nationalised banks are run at a loss. (Interruptions) I am only saying he made this allegation, I am not endorsing his views.

SHRI Y. B. CHAVAN: I do not know if he has said it or if he has not said it but if you are repeating

that argument, may I ask on what basis you make that statement?

SHRI A. D. MANI: He is the former Finance Minister and he made that allegation. I am not supporting industry; I am not supporting Mr. Morarji Desai. I am only saying this. Once you take our deposits, you should try to run it at a reasonable rate of profit.

SHRI Y. B. CHAVAN: There is no doubt about it.

SHRI A. D. MANI: I do not want you to run it at a loss all the time. That is all that I want to say. I want you to make profit-making a reasonable object of the nationalised banking system.

You, Sir, were good enough to refer to the policies followed in France by the credit institutions. I have stayed for periods of a time in France. I do not claim any intimate knowledge of the working of French financial institutions, but knowing France as I do I can say this that the commercial viability of every scheme has been the main feature of the test applied by the banking system to any advance that they have given to the industry. There is also the public aspect. When we talk about credit policies in France, let us remember that the atmosphere in France is quite different from that in India. We believe in increasing the sector being given to the State, while in France they want the private enterprise also to function more or less untrammelled, as it is doing at present. Let us not go by French parallels. It has also been mentioned by you and supported by Mr. Kulkarni that there should be some rethinking about the policies of the Reserve Bank. At the present time there is a banking enquiry in progress and I am sure that the Banking Enquiry Committee will go into the functioning of the Reserve Bank and try to offer its observations on the role that it has played in stabilising the credit structure in this country. I do

hope when they make their recommendations, they will also try to impress on the Government the need for following prudent financial policies in regard to the nationalised banks, which must continue to work under the control of the Reserve Bank. If you want the nationalised banks to help the weaker sections of the economy, make it a straight grant by the concerned Ministry, but financial matters should be judged largely on financial grounds. I do not want the Reserve Bank's control over the nationalised banks to be weakened in any manner.

I would like to go on to another point and that is about the differential rates of interest and about which the Finance Minister spoke the other day. I do not want to be called a reactionary and I do not want to be called old-fashioned . . .

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS): But those who take more time are reactionary.

SHRI A. D. MANI: I would like to urge on the Finance Minister this point of view. Differential rate of interest is a matter of high State policy. I quite agree, but when you take the money of the depositor and make a difference between the weaker section of the society and the stronger section of society, no moneylender does it on that basis. Lending transactions are on the basis of solvency of the person who borrows and on the availability of credit at that time with the man. These are the considerations that prevail. If you want to help an unemployed engineer, give him a grant from the Ministry of Labour and Employment, but not through the nationalised banks, though in putting forward this point of view I know that I am running against the current trend of opinion, which is very much in favour of the Finance Minister.

There is one more point that I would like to mention and that is the Government has now taken upon itself the power in another Ministry to exercise voting power on the shares

[Shri A. D. Mani.]

hypothecated to the banks. I have got some figures and I know that the shares are running to some crores of rupees, but then let us remember that these banks are not there in order to enable the Government to get control over certain sections of industry. They should not utilise the banking apparatus to gain control of other industries. They can do it in the Ministry of Company Affairs—I quite agree—but not through the Finance Ministry by exercising the power of the banks to vote by proxy on the shares hypothecated to them. I feel that this will lead to a large number of depositors not approaching the banks for their credit requirements and it will make them go to private and unauthorised persons.

I want to speak about my amendments. I would like to mention here that I have stated that a man must have some knowledge of banking. The Directors who are going to be appointed should have knowledge of banking. Now, I do not want this to be a refuge for somebody who has not been found a ticket for either the Lok Sabha or Rajya Sabha by the Finance Ministry. Any person who wants to be a Director must have some competence in regard to the matters which he is going to consider. I hope that the Finance Minister would accept the point of view that expertise in banking is a necessary qualification for a man to be a whole-time Director of a bank and it is not for a generalist, anybody from the ICS or some other service, to be a Director of a bank. That would not do. He must have some kind of knowledge of the working of the banking system.

The other point is, I am not in favour of the point of view put forward by some of our friends here that the workers' representatives should be elected. The moment a person is a Director in the bank, he should accept the position that he is not the delegate of a union, but he is a delegate of the whole community . . .

That he does not represent only one section of the people, namely, the wor-

kers or those who sent him into the Directorate of the bank. There should be no question of any recall of a worker who is alleged to have lost the confidence of workers. I feel that to insist on the workers' rights in this manner would lead to many fetters being placed on the Directorate working in a free and unhampered manner.

श्री जगदीश प्रसाद माथुर (राजस्थान): श्रीमन्, राष्ट्रीयकृत बैंकों की व्यवस्था के संबंध में आज हम विचार कर रहे हैं। मुझे लगता है कि चव्हाण साहब का अभी बहुत कुछ काम बाकी है और जो भी वे व्यवस्था कर रहे हैं वह स्थायी नहीं है और यह सारी समस्याओं का निदान भी नहीं है। अभी दो दिन पहले एग््रीकल्चरल फाइनेंस बिल के संबंध में मैंने कुछ निवेदन किया था कि बैंकों के राष्ट्रीयकरण के बाद भी किसानों को जो सुविधायें पहले मिलती थी, पहले जो सरलता थी, जो उनको ऋण मिलता था, कम ब्याज पर जो ऋण मिलता था, उसमें कमी आयी है और इस राष्ट्रीयकरण के बाद उनकी समस्याएँ बढ़ी हैं। इस संबंध में चव्हाण साहब ने भी कुछ कहा था। कुछ तथ्य मैंने बताये थे और उन्होंने कहा था कि वह उसकी जांच करायेंगे लेकिन आज जो प्रश्न हमारे सामने है उसमें राष्ट्रीयकरण बैंकों का एक तथ्य है और उससे इंकार नहीं किया जा सकता। जहाँ तक हमारे स्वयं का प्रश्न है, राष्ट्रीयकरण के संबंध में हमारा जो एप्रोच है वह प्रैक्टिकल है, प्रोग्रेटिक है और हम कोई डागमेटिक तरीके से इस राष्ट्रीयकरण के संबंध में विचार नहीं करते हैं। अब जो समस्या आयी है और इसके संबंध में हम जो व्यवस्था करना चाहते हैं कि किस ढंग से इसके अंदर प्रतिनिधित्व हो, जिस उद्देश्य को लेकर राष्ट्रीयकरण के संबंध में चर्चा की गयी थी, उसकी पूर्ति होगी या नहीं इस संबंध में हमको गंभीरता से विचार करना चाहिये।

जैसा कि अन्य सदस्यों ने कहा है कि रिजर्व बैंक की स्थिति जो है सरकार के प्रति एक-

सब्जरिजर्वेंट पोजीशन उसकी है। आज अपने देश में जैसी परिस्थिति है, जैसी बेकारी है और उसमें हमका बढ़ती हुई कीमतों को भी रोकना है, तो इस सारी स्थिति के अंदर रिजर्व बैंक के संबंध में, उसके गठन के संबंध में और उसके अधिकारों के संबंध में, अगर हमने विचार नहीं किया तो यह उचित नहीं होगा। आज देश में जो भिन्न-भिन्न प्रकार की एजेंसियां हैं ऋण देने के संबंध में, उनमें कुछ बैंक इस प्रकार के भी हैं कि जिन का राष्ट्रीयकरण नहीं हुआ है, उन सारे बैंकों के अंदर भी और हमारी अन्य संस्थायें जो आज चल रहीं हैं, उससे लगता है कि जिस उद्देश्य की पूर्ति के लिये प्रधान मंत्री जंग ने बैंकों का राष्ट्रीयकरण किया था और जो काम उन्होंने चढ्ढाण साहब को सौंपा था, उस उद्देश्य की पूर्ति नहीं हो सकती और इन नाते मैं सुझाव देना चाहूंगा कि हम रिजर्व बैंक के संबंध में एक नीति आज अपनायें, रिजर्व बैंक की व्यवस्था के संबंध में और उस के गठन के संबंध में पुनर्विचार करें। उसके गठन के संबंध में अन्य सदस्यों ने जो सुझाव दिये हैं, वे ठीक हैं, लेकिन मेरा सुझाव यह है कि हम रिजर्व बैंक का एक स्वतंत्र मानीटरी अथारिटी के रूप में निर्माण करें और जब तक हम ऐसा नहीं करते, तब तक हम अपने देश में करेंसी के संबंध में कोई निर्णय नहीं ले सकते। मैं मानता हूँ कि सरकार की आर्थिक नीतियों पर सरकार का अधिकार होना चाहिये, लेकिन जहां तक करेंसी का सवाल है उसमें सरकार अपनी नीतियों के कारण से आने वाले किसी भी समय में क्व टैक्स लगाया जाय या न लगाया जाय, इस पर अगर विचार करे और जैसे चुनाव के समय में अगर यह सवाल सरकार के सामने आये और उस के लिये सरकार अगर डेफिसिट फाइनेंसिंग करे और उसके लिये मनचाही करेंसी छाप दे, तो उसका परिणाम यह होगा कि उस पर कोई चेक नहीं रहेगा। ऐसे समय में उस पर चेक कौन होगा, कौन उस पर चेक लगायेगा, कौन प्रतिबंध लगायेगा और इसके लिये ही मैंने कहा कि आज जब हम बैंकों की व्यवस्था के

बारे में विचार कर रहे हैं तो हमें इस बात पर भी विचार करना पड़ेगा कि कौन उनको सुझाव दे, कौन उनको परामर्श दे कि उसके डाइरेक्टर्स कैसे हों और इसके साथ ही हमें इस बात पर भी विचार करना पड़ेगा कि रिजर्व बैंक का हम एक इंडिपेंडेंट मानीटरी अथारिटी के रूप में निर्माण करें और उसका प्रबंध केवल व्युरोक्रैट्स पर ही नहीं छोड़ें, बल्कि उस के लिए हमको इकानामिस्ट्स लेने चाहिए। वाकी जो सुझाव हैं कि उसके प्रबंधकों में लेबर के प्रतिनिधि हों, श्रमिकों के प्रतिनिधि हों, उन सबको आधार मान कर अगर आज रिजर्व बैंक का निर्माण किया जाय और उसका एक स्वतंत्र अथारिटी के रूप में निर्माण किया जाय तो उपसभापति महोदय, जो आज हमारी व्यवस्था है और आज जिस प्रकार निर्बंध रूप से सरकार जितनी चाहे करेंसी छाप सकती है, उसमें कमी आयेगी और फिर सरकार जैसे चाहे करेंसी को नहीं चला सकेगी। आज कोई नीति नहीं है। कौन संस्था लोन दे और कौन न दे, छोटों को कौन दे और बड़ों को कौन दे, दोनों प्रकार के लिये बड़ी बड़ी अथारिटियों का निर्माण हुआ है। एल० आई० सी० अलग देती है, फाइनेन्स कार्पोरेशन अलग हैं, उन सबके अलग-अलग काम हैं। तो उस नाते से क्रेडिट के सम्बन्ध में जब तक कि सेंट्रलाइज्ड व्यवस्था नहीं है, तब तक ठीक नहीं होगा। एक सेंट्रलाइज्ड व्यवस्था के अन्तर्गत यह होना चाहिए। इस सम्बन्ध में हमारा यह सुझाव है, हमारी यह मान्यता है कि जिस प्रकार से हमने अपने देश के अन्दर अपनी व्यवस्था चलाने के लिए तीन अंग बनाये हुये हैं, न्यायपालिका है, कार्यपालिका है और विधायिका है, उसी प्रकार से आर्थिक मामलों के अन्दर, मानेटरी अफेयर्स के अन्दर इकानामिक अफेयर्स के अन्दर भी हम रिजर्व बैंक की एक-एक इन्डिपेंडेंट मानेटरी अथारिटी का निर्माण करें, जिस प्रकार से तीन अंग अलग से काम करते हैं, उसी प्रकार से यह चौथा अंग भी काम करे और सरकार की फिसकल पालिसी के

[श्री जगदम्बी प्रसाद यादव]

अन्दर और रिजर्व बैंक की पालिसी के अन्दर कोई विवाद हो, कोई झगड़ा हो, तो उसका निपटारा करने का अधिकार केवल कैबिनेट को ही न हो, चव्हाण साहब को ही नहीं हो, बल्कि उसके लिये पार्लियामेंट सुप्रीम हो, पार्लियामेंट के सामने आ कर वह अपने विचार रख सकते हैं सरकार अपनी पालिसी बता सकती है और रिजर्व बैंक की उस सम्बन्ध में जो नीति हो वह यहां पर आये और तभी हम अपने देश के अन्दर ठीक व्यवस्था कर सकेंगे। यह मैंने इसलिए कहा, क्योंकि चव्हाण साहब आज जो व्यवस्था ले कर आये हैं, जो अपनी कम्प्लीट काम्प्रेहेंसिव रूप में व्यवस्था रखी है, उसमें सारी बैंकिंग व्यवस्था के अन्दर अलग-अलग बैंक्स हैं, अलग-अलग उनकी परामर्शदात्री-समिति बना रखी है, इसके अलावा सारे बैंक्स आपके हाथ में नहीं हैं, सब की व्यवस्थाएँ आपके हाथ में नहीं हैं, इसलिए इस पर गम्भीरता से विचार करने की आवश्यकता है कि क्या हम इस पोजीशन में हैं या नहीं हैं कि हम रिजर्व बैंक को इस प्रकार का स्टेसट दें जिससे कि हमारी आने वाली समस्याओं का निदान हो। देश में जिस प्रकार का आर्थिक क्राइसिस है, जिस प्रकार से कीमत बढ़ती जा रही है, जिस प्रकार से क्रेडिट के सम्बन्ध में बार-बार हर प्रकार से कहा जाता है, कहीं कोआपरेटिव वालों की शिकायतें आती हैं, कहीं कोई छोटे किसानों की शिकायतें आती हैं, तो उस सम्बन्ध में मारे देश के अन्दर एक रूपता आ सके, इसकी नितांत आवश्यकता है और इस प्रकार का जो सुझाव है कि इस प्रकार की इन्टिपेंडेंट अथारिटी का निर्माण किया जाय, इस पर चव्हाण साहब गम्भीरता से विचार करें।

बाकी जो बड़ी योजना लेकर आये हैं, उसके सम्बन्ध में मुझे यह कहना है कि आज जिस प्रकार से आप नियुक्ति करते जा रहे हैं, उसको आप देखें। आप कहेंगे कि द्रम पालिटी-

शियन्स को इसमें नहीं घुसेड़ोगे, लेकिन अभी पिछले दिनों क्षेत्रीय आधार के ऊपर आपने सलाहकार नियुक्त किये हैं और किसी प्रान्त में किस प्रकार से सलाहकार नियुक्त किये हैं, उनकी क्या क्वालिफिकेशन है क्या नहीं है, यह मैं नहीं जानता। लेकिन मैं अपने प्रान्त के बारे में जानता हूँ, जहां पर दो लोगों को किया है, एक महोदय को शायद स्टेट बैंक में किया है और एक को आपने बैंक आफ बड़ौदा का परामर्शदाता के रूप में किया है। दोनों की क्या कोई भोग्याता है। एक सज्जन वह थे, जो कोटा शहर के अन्दर एक स्कूल चला रहे हैं, एक प्राइमरी स्कूल चला रहे है, राज्य सभा का चुनाव भी मेरे सामने लड़े थे, 9 वोट आये थे, लेकिन चव्हाण साहब से चूँकि मुखाड़िया जी ने कहा कि कोटा के इलाके में अपना काम बढ़ाना है, ऋण देना है, इस आदमी को बैंक की सलाहकार समिति में नियुक्त कर दो तो वह कर दी। तो यह जो अधिकार लिया है कि सरकार नियुक्त करेगी विशेष इन्ट्रस्ट के लोगों को नियुक्त करेगी और उसके अन्दर भी उन्होंने एक विशेष क्वालिफिकेशन, स्पेशल इन्ट्रस्ट, विशेष योग्यता रखा है, तो उस विशेष योग्यता का कौन सा मापदंड है। क्या यह मापदंड है कि किसी इलाके के अन्दर आपकी कांग्रेस की पार्टी कमजोर है, तो वहां के आदमी को ले जा कर उसमें बैठा सकें। इस प्रकार से अगर बोर्ड्स बने, फिर रिजर्व बैंक की और इन बैंकों की हानत वही होगी जो कि छोटे-छोटे गांवों के अन्दर छोटे-छोटे कोआपरेटिव बैंकों की है कि उसके मैनेजर जिसको चाहे लोन दें और जिसको चाहे न दें या पंचायतों या डेवलपमेंट ब्लाक्स के प्रधान की जैसी मर्जी हो उस प्रकार से लोन दें या न दें। उस प्रकार की स्थिति में हमारे इन बैंकों को चव्हाण साहब ने लाकर छोड़ दिया है। इसलिए मेरा सुझाव है कि इस सम्बन्ध में आप गम्भीरता से विचार करें कि जिस तरह के लोगों को आप ले रहे हैं। वह कैसे हैं। जहां तक श्रमिकों का

बात है, उसके बारे में काफी विवाद हुआ कि श्रमिकों का कौन प्रतिनिधित्व करे। हमारे भी भारतीय मजदूर संघ में कुछ लोग हमसे मिले थे, उनका भी वहाँ काम है, उनका भी सुझाव है, जिस प्रकार से आपने कहा कि वैरिफिकेशन के आधार पर यूनियनों का रिप्रेजेंटेशन किया, जाय और कुछ लोगो ने यह सुझाव दिया कि सब लोगों को मिला कर चुनाव करें, उन्होंने कहा कि जितनी भी यूनियंस हैं, उनमें ऐसा करें। कुछ बैंक्स इस प्रकार के हैं, जहाँ कम्प्युनिस्टों का काम नहीं है, जैसे कि बैंक आफ बड़ौदा में उनका काम नहीं है, कुछ और यूनियन्स हैं, जो कि छोटी-मोटी यूनियंस बनाये हैं, सारे हिन्दुस्तान के अन्दर जो यूनियन हैं, उससे एफिलिएटेड हैं। तो एक सुझाव दिया गया कि जिन-जिन बैंकों में जो-जो यूनियंस हैं, मान्यता प्राप्त यूनियन्स हैं, उनके सदस्यों में आप मतदान कराये उनके सदस्यों के वोट ले कर करें, जो खड़ा हो उसको उस आधार पर लें, यह नहीं कि एक पैल बैठा दें, बल्कि जितनी भी यूनियन्स बैंकों में काम कर रही हैं उन यूनियनों के आधार पर उनके सदस्यों में मतदान करवायें। उनके वोट लें आप तो आपकी जो समस्या है वह रही के कौन करेगा? वैरिफिकेशन्स के बारे में कहा जाता है कि कोई भी यूनियन कोई भी संस्था है, किसी 10 लोगों को ले लेंगे और 10 में में 4 ने कह दिया हम हैं, 6 ने कह दिया नहीं हैं तो 4 के आधार पर क्या कह देंगे कि मान्यता है? मान्यता नहीं है, इसलिए इस आधार पर आप लें कि जितनी भी यूनियन्स हैं, उनके सदस्य हैं, उन के सदस्यता के रजिस्टर आपके पास जाते हैं कि 10 आदमी हैं, उसके बाद बाकायदा बैलट करवा करके उनके रिप्रेजेंटेटिव का चुनाव में लाएं तो मैं समझता हूँ बड़ी उपयोगिता होगी।

तो उपसभाध्यक्ष महोदय, जैसा मैंने निवेदन किया, इस सारी समस्या के संबंध में चर्चा

साहब ने योजना को बनाते समय क्योंकि एक आश्वासन दिया कि हमारा इस प्रकार की योजनाएं बनाना, उस आश्वासन की पूर्ति मात्र के लिए है। तो योजना लेकर वह आए, लेकिन योजना अधूरी है, बैंकों की समस्या का निदान नहीं है, बैंकिंग की इन्डस्ट्री के बारे में हम भली प्रकार से विकास की योजनाओं को रख सकने के लिए काफी नहीं है। इसलिए मैं निवेदन करूंगा, मैंने जो सुझाव दिया है कि हम रिजर्व बैंक की इन्डीपेंडेंट एपाइंटिंग अथारिटी बनाए और उसको इस प्रकार के अधिकार दें, हम कास्टीट्यूशन में ऐसा अधिकार दें, जिससे हमारी सरकार के द्वारा जो फजूल-खर्ची होती है, मनमानी होती है, उन मारी बातों पर प्रतिबन्ध लगे। यही मेरा निवेदन है।

**श्री बाल कृष्ण गुप्त (बिहार) :** उपसभाध्यक्ष महोदय, हमने पन्द्रह या सौलह महीने पहले जो चौदह बैंकों का राष्ट्रीयकरण किया था, उस वक्त जनता में एक बड़ी लहर पैदा की गई थी कि अब तो हिन्दुस्तान में गरीबों को, मध्यम वित्तियों को, छोटी इन्डस्ट्री को, छोटे कारोबारी को, छोटे कारखाने वाले को ऋण मिलेगा। लेकिन बैंकों के राष्ट्रीयकरण होने के 16, 17 महीनों के बाद भी लोग उसी तरह से वस्त है, उसी तरह से दुखित है और एक बैंक से दूसरे बैंक के यहां चक्कर काटते हैं और प्राइवेट सेक्टर में भी जो घूम नहीं था, वह घूमखोरी इस देश में फैल गई है। अब एक परसेंट, दो परसेंट या 4 परसेंट लेते हैं जो लोग बड़े आदमियों के जरिए, जिनके वे दलाल छोड़े हुए हैं, दलाली का काम करते हैं। तो राष्ट्रीयकरण का यह हाल है तो यह बैंक ही हो जाएगा जैसे कोआपरेटिव सोसाइटीज हैं उत्तर भारत की, दक्षिण भारत की कोआपरेटिव सोसाइटीज के बारे में नहीं कह रहा हूँ। तो वहां 100 रु० देते हैं और 200 रु० लिखवा लेते हैं और गरीब किसान मारा जाता है। यही हालत हिन्दुस्तान

## [श्री बाल कृष्ण गुप्त]

के अन्दर राष्ट्रीयकृत बैंकों की हो रही है। लोग कहते हैं: 2000 नयी ब्रांचें खुली हैं। लेकिन डिपॉजिट उस हिसाब से नहीं बढ़ा है। हिन्दुस्तान की माली हालत खराब है, चीजों के दाम बढ़ रहे हैं, महंगाई बढ़ती जाती है, लेकिन जो ब्याज की दर है वह भी बढ़ती जाती है। जर्मनी, जापान, अमरीका वगैरा में ब्याज के रेट पिछले हफ्तों में गिरते जा रहे हैं और यहाँ हिन्दुस्तान के बैंकों का खूब ब्याज हो गया है, जो तीस, चालीस साल पहले साहूकार लोग, मनीलैण्डर लोग किसानों से लिया करते थे और लोग दुखित हो गए हैं। दस, ग्यारह परसेन्ट का ब्याज मामूली बात हो गई है। यह देश कैसे आगे बढ़ेगा, जिसमें ब्याज का रेट इतना ऊंचा रहेगा। फिर ये जो छोटे-छोटे बैंक छोड़ दिए गए हैं, उनको और विदेशी बैंकों को अलग क्यों छोड़ा गया। जितने भी बैंक हैं सारे के सारे बैंकों का राष्ट्रीयकरण करके एक साथ, एक तरीके से, चलाना चाहिए। ये छोटे-छोटे बैंक कभी कभी बड़े घाटे में फंस जाते हैं, जैसे बैंक आफ बिहार फंस गया था और जब डिपॉजिटर का पैसा फंस गया, उनको रुपया वापस मिलने की कोई सुरत नहीं रही, तब जाकर बैंक आफ बिहार में कब्जा किया। अब बैंक आफ बिहार के शेयरहोल्डर्स इधर से उधर चक्कर मार रहे हैं कि उनको मुआविजा कब मिलेगा, कब नहीं मिलेगा, उनको आज तक नहीं पता चलता है। मैं बिहार से भी आता हूँ, कलकत्ते से भी आता हूँ। हालत यह है कि जो रुपया जमा करते जाते हैं, अगर 10 या 5 रु० का नोट ले जाते हैं, तो बैंक में जमा लेने वाला कहता है हम दस, पांच के नोट जमा नहीं करेंगे। यह जगह-जगह चीजे हो रही है। तो आपको डाइरेक्टिव देना चाहिए कि हर तरह के नोट लेओ और हर तरह से पहले से ज्यादा मुन्तैदी से काम करो। क्या पब्लिक सेक्टर होते ही काम की गति कम हो जाएगी? तो पब्लिक सेक्टर में किसका फेध

रहेगा? यदि यही हालत होगी तो बैंकों में आना जाना लोग छोड़ देंगे। इसलिए आज हिन्दुस्तान में बहुत से लोग ब्लैक मनी का आसरा लेकर चल रहे हैं।

मैं बैंकों के बारे में कौन डाइरेक्टर हो और कौन न हो, इसके बारे में विशेष रूप से बोलना नहीं चाता हूँ। लेकिन अभी थोड़े दिन पहले पंजाब के एक आफिसर को जिस चार्ज लगा कर डिसमिस कर दिया गया था, उसको एक बड़े बैंक का डाइरेक्टर बना दिया गया है। इस तरह से बैंकों में भी पोलिटिक्स घुस गई है। अगर बैंकों के बारे में भी सरकार की यही नीति रही तो फिर किस तरह से बैंकों का काम अच्छी तरह से हो सकेगा। मैं यह चाहता हूँ कि कम से कम बैंकों में ईमानदार आदमियों को रखा जाना चाहिये, जो ईमानदारी के साथ इसका कार्य चला सकें। इसलिए बैंकों में ईमानदार आदमियों को लिया जाना चाहिये, चाहे वे श्रमिक वर्ग के हों, चाहे आर्टिजन हों या फिर वे किसी वर्ग के क्यों न हों, लेकिन जो भी रखे जायें, वे ईमानदार हों। मैं करोड़पतियों के पक्ष में बोलना नहीं चाहता हूँ; क्योंकि वे तो बैंकों का अपने लिए उपयोग कर ही रहे हैं। वे लोग आज भी बैंकों को अपने उपयोग में ला रहे हैं। बैंकों से 70, 80 प्रतिशत क्रेडिट आज भी इन्हीं लोगों को दिया जाता है जो 40 करोड़ रुपये की इन्डस्ट्रीज खोल रहे हैं और बिना बैंकों की मदद से, एल० आई०सी० की मदद से और फाइनेन्स कारपोरेशन की मदद से नहीं खोल सकते हैं। आज जो छोटे-छोटे कारखाने हैं और उनको चलाने वाले हैं, वे पूंजी के अभाव में बन्द पड़े हैं और बन्द होते जा रहे हैं, जिसकी वजह से आज देश में चीजों के दाम बढ़ते चले जा रहे हैं।

अभी थोड़े दिन पहले मैं चीनी मिल वालों की एक मीटिंग में गया था, तो उन्होंने कहा कि अभी तक 40 लाख टन चीनी तैयार

हो रहा है और पिछले साल की करीब 22 लाख टन चीनी बाकी पड़ी हुई है। इस लिए हमें 500 करोड़ रुपये का ऋण चाहियेगा। अगर सरकार यह ऋण नहीं देगी तो किसानों का रुपया बर्कत हो जायेगा और इसके साथ ही साथ गन्ना का तोड़ा रह जायेगा। इस तरह की हालत को जान कर ही हो गई है और सरकार को पता है कि किस इन्डस्ट्री को कितने रुपये का ऋण है और यह रुपया किस तरह से बाजार में चले, जिसमें किसानों को फायदा हो और जो चीज भी पूर्ण रूप से चल सकें।

बैंकों का राष्ट्रीयकरण करके समाजवाद का नाम देना जा रहा है। इटली में भी बैंकों का राष्ट्रीयकरण हो चुका है, फ्रान्स में भी हो चुका है, किन्तु उनके चलाने वाले लोग उनको उन्नीस साल से चला रहे हैं, जब कि यहां पर गतिविधि चल रही जा रही है और उनका नतीजा निकल रहा है। आज इसका परिणाम यह है कि देश में आर्थिक गति मन्द पड़ गई है और देश में औद्योगिक विकास एक तरह से रुक जाया है। इसका एक नतीजा यह हुआ है कि आज देश में रुई का तोड़ा गया है, मूंगफली का तोड़ा हो गया है, जूतों का तोड़ा हो गया है, निलहन का तोड़ा हो गया है और इस तरह से देश में इन्फ्लेशन काइसस आ गई है।

अमरीकी बैंकों को कोई आदमी बैंक के पास कारखाना लगाने के लिए जाता है, तो उसकी जबीज को नष्ट करता है और उसके बाद उसे कर्ज दिया जाता है। इंग्लैंड में जो ड्रवैड और बंकर हैं, उनका हर एक का गोजिट यहां बैंकों के डिपोजिटर्स से आता है। इन्फ्लेशन से किसी कारखाना देने के लिए कर्ज दे दिया जाता है, अगर मजदूर हैं कि कारखाने आदमी है और जो कारखाना लगाया जा रहा है, वह देश के हितकर है, तो उसे कर्ज मिल जाता है।

-RS-8

लेकिन हमारे यहां बैंकों में भी दूमरी संस्थाओं की तरह कांग्रेस का पोलिटिक्स घुस गया है और इस पोलिटिक्स ने बैंकों के कारोबार को को भी सत्यानाश कर दिया है। इसका नतीजा यह हो रहा है कि वृषि पर इसका असर पड़ रहा है और इसी तरह की हालत रही तो हिन्दुस्तान का पूरा चौपट हो जायेगा। जो संस्थाएं 50 वर्ष से अब तक अच्छी तरह से चलती आ रही हैं, उनकी जो अभी तक प्रतिष्ठा बनी हुई थी वह सब धूल में मिल जायेगी।

आज हमें बैंकों को अच्छी तरह से चलाना है; क्योंकि इन बैंकों में गरीब आदमियों का रुपया जमा रहता है, मध्यम वर्ग के लोगों का रुपया जमा रहता है। औरतों, बच्चों और अनार्यों का रुपया जमा रहता है। इस रुपये को ऐसी आदमियों को नहीं दिया जाना चाहिये, जिससे कि बाद में वमूल न हो सके। आज देखा यह जाता है कि गरीबों का जो रुपया इन बैंकों में जमा होता है वह वृषि के नाम पर, कभी किसी और चीज के नाम पर, कभी इस चीज के नाम पर और कभी उस चीज के नाम पर दे दिया जाता है और वह बाद में डूब जाता है। किसानों का कितना रुपया इस तरह से डूब गया है और कितना रुपया कोआपरेटिव मोमाइंटियों का डूब गया है, इमलिये हमें इस बात का खयाल रखना होगा।

आपके मन में जो आये उसको डाइरेक्टर बनायें, श्रमिकों से बनाये या किसी और वर्ग से बनाये, लेकिन ऐसी आदमियों को बनाना चाहिये जो ईमानदार हों, डिपोजिटर्स के हितों की रक्षा कर सकें और देश की आर्थिक गति को तेज कर सकें।

यह सब देख कर बैंकों के सम्बन्ध में तो चार, पांच घंटा बोलने के लिये चाहिये; क्योंकि यह एक बहुत ही बड़ा मवाल है। इसमें देश का 40-50 अरब रुपया जमा रहता है और हर साल 4-5 अरब रुपया नया जमा होता है, जिसके द्वारा सारी आर्थिक गति और सारी इन्डस्ट्रीज चलती है। बैंकिंग करेसी की जो



[ श्री बालकृष्ण गुप्त ]

पालिसी हमारी है वह गलत होती जा रही है। एक तरफ तो मालाना 500 करोड़ रुपये के नोट छापे जा रहे हैं और दूसरी तरफ हर स्टेट गवर्नमेंट अपना बजट डेफिसिट में बनाती जा रही है और वे रिजर्व बैंक और स्टेट बैंक से ओवरड्राफ्ट लेती हैं। कब वह ओवरड्राफ्ट चुकेगा ? फिर सेंट्रल गवर्नमेंट ओवरड्राफ्ट करेगी। स्टेट गवर्नमेंटस और इनके ओवरड्राफ्ट बन्द होने चाहिए। उनको अपनी आय के अन्दर ही खर्च करना चाहिए। इस तरह से मन्माना रुपया खर्च हो रहा है, मन्माने ढंग से रुपये की बरबादी हो रही है। नई-नई स्टेट्स पैदा हो रही हैं, नागालैंड, त्रिपुरा, मेघालय इनकी आय इनके खर्च का 8वां हिस्सा भी नहीं है। बैंक उनकी मदद का दौड़ तो बैंक भी डूब जायेंगे। नई-नई स्टेट्स की मांगें उठ रही हैं। खर्च की तरफ किसी का खयाल नहीं है कि कब किस तरह से किया जाय। जब तक अनप्रोडक्टिव खर्च सरकारी बैंकों में होता रहेगा, तब तक उनकी तरक्की नहीं हो सकती। वहां जितने आदमियों को काम करना चाहिए उनसे तीन-चार गुने ज्यादा हैं। पारकिन्सन्स ला काम कर रहा है, एक आदमी आकर बैठ जाता है, वह 5 आदमियों को और दाखिल कर लेता है। बैंकों में पहले से कर्मचारियों की तादाद बढ़ी है और काम कम होता है। जमा के हिसाब में एक रेशो होना चाहिए, एक नार्म होना चाहिए, एक स्टैंडर्ड होना चाहिए। अगर आप कोई स्टैंडर्ड कायम नहीं करेंगे, कोई नार्म नहीं रखेंगे, कुछ नहीं रखेंगे, तो ये बैंक चौपट होने वाले हैं और देश की आर्थिक गति भी खराब होने वाली है।

SHRI G. A. APPAN (Tamil Nadu):  
Mr. Vice-Chairman, I am one of those who cannot stand opposite or in negation of the nationalisation of the banking industry. I have seen the scheme presented before the House. I am only astonished to find that despite my humblest and fervent appeals to

the honourable Minister of Finance that there should be representation of the Scheduled Castes and Scheduled Tribes, in the Directorates, management and regional consultative committees of every nationalised bank he has not cared to introduce any such element into this scheme. For labourers and employers there are special provisions. For Government officers there are special provisions. For bank employees there are special provisions. But for the 20 or 25 per cent of the Scheduled Castes and Scheduled Tribes there is no provision whatsoever. Do you think that in the absence of any specific provision for representation of these communities under the scheme or in the Act, these people can ever find a place there. As Home Minister Mr. Chavan passed very valuable Acts and orders to protect the interests of the Scheduled Castes and Scheduled Tribes in public services and in public sector undertakings. And now I do not know how he has not thought of doing any thing for them in this banking scheme, perhaps I could not convince him so far of my anxiety. He should rise up to our expectations at least now. There are to be fourteen persons on the board of directors for each nationalised bank, and there are fourteen banks. So you can calculate how many directors will be there, 14 x 14. Naturally, should there not be a least 20 or 25 per cent representation for Scheduled Castes and Scheduled Tribes in each of the banks? Th apart, there are managing committee I do not think anybody from Scheduled Castes and Scheduled Tribes would be included in them if there no reservation. There are consultative committees also. Unless the honourable Minister kindly agrees to stand up to the constitutional expectation and unless he promises on the floor this House here and now that would include provision for these communities also, I do not think it will be any end to this problem everybody knows that we do not present even 2 per cent in the Government offices or in banks. Yesterday I saw the communal presentation in some of the Ministers'

which has been presented to me. My heart rends. Either keep up to the Constitutional limit or tear it or burn it. Do you want us to take this to the notice of the United Nations? Of course, one Shri Khobragade, the brother of the Deputy Chairman here, has said in London that our difficulties and grievances should be taken note of. I do not want to go to that extent, unless these people drive us to that disgraceful necessity of taking it to them. I do not want the Minister or anybody to take in unqualified people or people who are not equal to the task. I say we have plenty of people, barristers, lawyers, advocates, engineers, economists and doctors. Do you mean to say that you cannot find any of them to fit into the bank directorate? At least there are a number of able parliamentarians and legislators. Some of them are Ministers. Do you mean to say that there is dearth of people among Scheduled Caste Tribes communities who will be equal to any task onerous and respectable? I can show you any number. I would implore the Hon. Minister to take at least some into the Directorates and managing committees. Sir, I do not like to speak about things which have been covered by other people. I do not like to be a parrot to swallow and vomit what others have said. I would like to point out only what others have not said. Look at the salaries and allowances and other perquisites of the numerous—an army of directors who are the favoured few or defeated politicians or communalists who are powerful in some communities and in some regions who await to swarm these ranks. These people are going to get into the boards. Don't you feel that a few Scheduled Caste people in the Board of Directors will be true to their job that is assigned to them? We will be satisfied with 20 or 30 per cent less paid to offers representation. But you give representation to big business magnates who are rolling in money and who are squandering money without knowing the value of money. By do-

ing so, your money will go to waste. What about the number of meetings of the Board of Directors? There should be at least four meetings, you say. What will be the TA and DA paid to them? Then two will be full-time Directors. Can you not have one for each bank? Shri Chavan has some other work and I am a poor man. If at least some of my words will impress him, I will be happy.

There is the management committee of the banks where also we have no reservation and there is no provision for representation of the industrialists, businessmen, exporters, importers and co-operatives. The poor Scheduled Caste people who produce at least 80 per cent of the capital wealth and National product of the country have no reservation at all. Regarding the interval for meetings of the management committees it is 15 days for a meeting. We have officers in every bank to look up to the affairs of the institution. The day-to-day bank accounts were closed every day in the past. I do not know how it is being done after the nationalisation. I have seen some of the banks after nationalisation. People do not work here and they do not have any regard for the Managers and senior members of the staff. Only the top-level people are trying to do all work where urgency is involved... Unless there is discipline, there will be a very bad precedent.

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS): Is this not a bad precedent? You should have finished now.

SHRI G. A. APPAN: Do you mean to say that I am touching on any point that I have already covered? Did anybody touch on the point about the frequency of the meetings? You know, Sir, there is a Tamil proverb: "The well will devour the whole plot of land". So the salaries and the allowances of this army of personnel on the Directorates and

[Shri G. A. Appan.]

other committees are going to eat away the money the depositor's money and bank earnings. You know, Sir, you can prosper only if the rate of interest is reasonable. I know, in 1930, the rate of interest in the banks was only 2½ per cent and even in the Post Office Savings Banks it was 2½ per cent and now the bank interest 6 per cent to 12 per cent. Mr. Vice-Chairman, Sir, how can you tolerate this soaring, and balloonistic inflation? This rate of interest covers even the international monetary position. It is only on account of the inflated rate of interest, when compared to the rate of interest in other countries, that we are faring so bad. You know, Sir, our rate of money in circulation has also to keep pace with the money in effective circulation not only for internal transactions, but also for external transactions, export and import transactions and we should have a relative value of exchange and relative value of interest.

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS): Mr. Appan, shall I remind you again?

SHRI G. A. APPAN: Can't you give me two or three minutes more sir?

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS): Only two minutes.

SHRI G. A. APPAN: If I have uttered any point, covered by others you have a right to ask me to sit down.

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS): That is not the point here.

SHRI G. A. APPAN: Sir, if I utter any point outside the issue you can stop me, or else not. But if you want me to sit down, I will sit down. If the House does not want to hear my points, I am prepared to sit down.

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS): Shri Bhupesh Gupta.

SHRI BHUPESH GUPTA (West Bengal): Mr. Vice-Chairman, Sir, Mr. Chavan indicated to me that I should not speak. But I have to speak.

Now, the first point I should like to make in this connection is that since the nationalisation of banks, there has not been any democratisation of the administration and this is a serious lapse which should be considered by the Government. I think more than a year has passed since the banks were taken over and we cannot justify on any ground that radical steps should not have been taken by the authorities to democratise the administration. In a public sector, if it is not run democratically and with the willing co-operation of the employers and workers, it is not likely to produce the desired result and in fact, it is likely to come up against all kinds of difficulties and put the entire concept of public sector into disrepute.

You would have noted here that when Mr. Dahyabhai Patel talked about the bank nationalisation, he exploited the lapses and failures on the part of the authorities to democratise the administration. Although he exploited them, he did not speak for improvement and changes in a democratic direction. That is the Swatantra line. Now, Sir, a number of bureaucrats are being shifted from the Reserve Bank and sent to the nationalised banks as the Custodians or to hold posts next to that of the Custodian. Take the case of the Bank of India. One Mr. Saxena has been sent from the State Bank in this case to become the Custodian of the Bank of India and many bank employees do not like such an arrangement and such kind of people being inducted into the nationalised bank from the Reserve Bank who do not have direct experience of dealing with the clients and doing the banking business, as it were, as is done by the banks. A Deputy Secretary

and Treasurer of the State Bank, Mr. Mukherjee, has been appointed as the Custodian of the Allahabad Bank. Again this was resented by many people.

Then, one Mr. R. A. Gul Mohammed, an officer of the Reserve Bank, has been made the next to the Custodian of the Dena Bank, again in a manner which has caused resentment 5 P.M. and suspicion. One Mr.

Krishna Iyer—and he seems to be very much in the limelight—has been shifted from the Reserve Bank of India to become the next Custodian in the Central Bank of India; that is to say, the second commanding post in the Central Bank of India has been given to Mr. Krishna Iyer. This gentleman, according to our information, has demoralised the employees and the administration as a whole. Complaints, demands and grievances are piling up against him. He is trying to handle matters in a bureaucratic manner, so much so one does not know whether he is going to land ultimately himself and also the nationalised banks where he has been put in. Well, that is what the employees are saying.

Now, these are matters which surely should be gone into. Are you bureaucratizing banks or are you democratizing the banks? That is the main question.

We had one gentleman in London; I forget his holy name....

AN HON. MEMBER: Sami Patel.

SHRI BHUPESH GUPTA: Yes, who was arrested in London. He is the product of the private sector; he was not brought by somebody from the sky. Sami Patel is the progeny of the banking system under the control of the monopolists and capitalists. Now, Sami Patels, big and small, of various sizes, are still entrenched at various levels in various places even after the nationalisation of banks, in the nationalised sector of our economy, and certainly in banks also. Now,

I do not know how you are going to deal with these people.

I find again that people who had been closely associated or connected, directly or indirectly, with the big business people, when banks were nationalised, are being given prominence in the banking system in the nationalised sector on account of the so-called expertise on their part. We have to find out better people. I hear my hon. friend, Shri Chavan, speak of the policy of commitment. And Mr. Dharia always echoes Mr. Chavan's slogan. That's why he repeats many times that we must have a sense of commitment. If you want to have a policy of commitment, then do you think that such a policy can ever be implemented by people who have grown up in the cradles of the big business people and monopolists, who are averse to the public sector and to the working class people, who have built up connections with monopolists and capitalists in various ways, and who advocate a system of monopoly and capitalism in our country? Can such men ever be entrusted with the stewardship of the nationalized banks, much less as the captains of the nationalized banks?

Now, therefore, the Board of Directors is a very important consideration in this connection, and it should be predominantly composed of people who are genuinely committed to the public sector, who are sympathetic in their attitude towards the working-class, who believe in democratizing the institutions in place of bureaucratizing the institution. Unfortunately, such steps are not being taken by the Government in our nationalized banks. Hence, Sir, my criticism goes on this score to the Government. The bureaucrats are not even experienced. There is a need for bureaucrats to be experienced, whereas it is not so in the case of banking institutions. Some of them have worked in other fields and are not experienced at all..

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS): It is already 10 minutes.

SHRI BHUPESH GUPTA: Yes. It is already ten minutes. I am finishing. I am following you when you spoke!

The attitude of the management towards the employees is a matter of crucial importance. And, I think, unless this is particularly reorganized and re-shaped, there would be no good industrial relations in our banking system. With regard to the policy of advance I should like to say one or two words. The policy of assistance to the agriculturists is, the Reserve Bank has fixed a quota these days to each bank which gives advances to the agriculturists. Corruption comes in here. We are getting reports that the middlemen appear for negotiating these loans in the name of agriculturists or for agriculturists. You will be surprised to hear—and I make the allegation with some knowledge—that these middlemen tell the agriculturists: 'You buy the pumping set from this and that concern, we shall help you in getting the money from the bank'. This is the system of corruption developing and it shows that these middlemen have not links with the management in the bank and they are trying to utilise their connections in order to secure loans for the agriculturists and also patronise certain chosen firms. These firms concern themselves with pumping sets. They are connected with the management and the whole thing is manipulated that the equipment for which the loans are given come from some favoured industrialists and other concerns with which the management of a particular bank in a particular locality are linked. It is a serious thing and Mr. Chavan should look into this allegation. They are now multiplying. They were trickles in the past and now they are multiplying and corruption is developing. That should be gone into. The

big business continue to have its influence and pie in the finger even after the nationalisation through various agencies and through the bureaucrats. With regard to the employees, I would say that the employees should be represented at all level—in the Board of Directors—suggestions have been made—in the Regional Boards, in the Regional Committees, in the Management Committees and they should be consulted at every level, in formulating the policy of banking so that their advice is collectively taken with a view to have an integrated banking policy or on the policy of our nationalised banks which is missing to-day. We are living from hand to mouth, acting on the spur of the moment. We do not have a thoroughly integrated policy, a credit policy biased definitely in favour of the agriculturists and small men and against the monopolists. We have nationalised the banks for striking blows against concentration of wealth and economic power and for helping the public sector, helping the peasant, helping the small businessman and the trader, and small-scale industries etc. How this is done, we do not know but there is a feeling in the country that this is not being done in the way it should have been. Now there are 22 banks under the nationalised sector—the State Bank and its 7 subsidiaries and the 14 nationalised banks. In the State sector they handle 85 per cent of the total banking business. 12 per cent is handled by foreign banks. Only 3 per cent is by the nationalised private banks. Such is the position. Therefore it is very important to know how the nationalised banks carry on the banking business, in whose favour, with what social perspective, with what economic objective, to do what and not to do what. That is very important. Unfortunately there is no clear policy with regard to this matter. You will be surprised to know things. The nationalised banks are spending a lot on advertising. We should be thinking in terms

of ultimate merger of the banks and amalgamation of the banks. Ultimately it has to be done. I am not saying you can do it to-day but some day it will have to be done in order to economise and better organise the banking activities in the country. To-day we are running at cross purposes, on parallel lines in a given area and that leads to a lot of expenditure like in wastage on advertisements, etc. I think a time will come when we should have that perspective of doing this in an integrated manner. Sir, the banks have started giving credits to the primary agricultural credit societies. There is another point. The primary agricultural credit societies are now being given advances by the nationalised banks, with the result that in some places the co-operatives are facing difficulties. Now we should not function in the matter of credit in such a manner that the co-operatives suffer. Now in Andhra Pradesh, in eight districts I am told, 300 employees in the co-operative banks have been discharged as a result of competition from the nationalised banks. I want the co-operatives to run their business, and also the nationalised banks. There should be better understanding and co-ordination of work between the two so that the co-operative sector is not weakened, so that the employees in the co-operative banks are not thrown in the streets, as has been done in the case of Andhra Pradesh. That aspect should also be taken into account. Therefore I have made some suggestions. These are very concrete suggestions. Great enthusiasm was aroused last year in July. After the removal of Mr. Morarji Desai, the enemy of public sector and the friend of monopoly capital when the banks were nationalised, the country was very happy that a grand step of that kind had been taken. And the political situation improved. The morale of the country went high and, as you know, masses demonstrated in support of the act of nationalisation. But others in the reactionary camp screech-

ed against the Government. Great enthusiasm and hopes were aroused at that time but, Sir, we find, as a result of the maladministration by the authorities in charge of the nationalised banks, on account of the absence of a democratic policy of administration in the banks, on account of the absence of a well integrated and a well directed policy, a credit policy, a democratic credit policy, the enthusiasm has virtually disappeared, and the people have begun to question even the act of nationalisation, and they are being inspired and encouraged by the reactionary people, by the reactionary parties—the Syndicate, the Jan Sangh and the Swatantra Parties. They are giving them material to protest against nationalisation. So they want to throw the baby with the bath water. We do not stand for such things.

We certainly want to throw away the dirty bath water but we want to nurse the baby into good health. That is our approach in this connection. That is why, Sir, we are making this suggestion. I would urge Mr. Chavan to seek the co-operation of the bank employees. Many suggestions we have made in our amendments. And with their co-operation and that of the public you can certainly make bank nationalisation a great success, not only in an economic and social sense, but also in a broad national sense. But for that you require courage, you require vision, you require a policy direction, you require personnel committed to the task of nationalisation and the assignment you have given to the nationalised banks.

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS): Do you want to speak, Mr. Bhandari? Then I request you not to take more than five minutes.

श्री सुन्दर सिंह भंडारी : उप सभाध्यक्ष महोदय, जो स्कीम सरकार के द्वारा रखी गई है, वह सीमित क्षेत्र के लिए है, जैसा कि संसदीय

## [श्री सुन्दर सिंह भंडारी]

उपमंत्री जी ने बहस प्रारम्भ करते समय कहा था। लेकिन पिछले 18 महीनों में राष्ट्रीय-कृत बैंकों के काम करने का तरीका क्या रहा है अभी तक उनकी उपलब्धियां क्या रही हैं, इसके सम्बन्ध में हमें एक नोट मिल जाता, तो इन सारी बातों का क्रमसं क्रमसं करने में ग्रमानी होतीं। वह इसलिए भी जरूरी है कि यहां पर जो सुझाव दिये गये कि बोर्ड आफ डाइरेक्टर्स का गठन कैसे हो, उमका डेमोक्रेटाइजेशन कैसे हो, उसके सम्बन्ध में यहां पर चर्चा हो चुकी है। लेकिन बार-बार इस बात का उल्लेख किया गया है, एक ऐसा वातावरण बनाने का प्रयत्न किया जा रहा है कि मानो ये राष्ट्रीयकृत बैंक केवल सार्वजनिक क्षेत्र की आवश्यकता की पूर्ति के लिए ही है। यह कोई आइसोलैटेड आर्थिमेंट नहीं है। कल यहां पर प्लानिंग की चर्चा करते समय यह कहा गया था कि प्लानिंग केवल पब्लिक सेक्टर के लिए होना चाहिये, दूसरो के लिये नहीं। यहां पर श्री भूषण गुप्त ने यहा तक कहा था कोंग्रैपरेटिव को ज्यादा पैसा मिलना चाहिये, किसी इन्डि-विजुअल को नहीं।

SHRI BHUPESH GUPTA: No, No. On a point of personal explanation. I referred to small men. The big monopolists may get also but preference should be given to the small men. It should be given to one and all, I said.

श्री सुन्दर सिंह भंडारी : सरकार बोर्ड आफ मैनेजमेंट बना रही है, एक स्कीम दे रही है। आखिर ये बैंक किसके लिये काम करेगे? ये बैंक इस देश की क्रेडिट आवश्यकताओं के लिए होंगे या ये राष्ट्रीयकृत बैंक किसी विणप क्षेत्र के लिये ही होंगे? अपने देश में गैर-सरकारी क्षेत्र रहे न रहे, यहां पर गैर-सरकारी क्षेत्र अथवा सहकारी क्षेत्र रहे या व्यक्ति भी अपना भाग किसी तरह में अदा करें यह पार्लियामेंट के फोरम पर तय करने वाली बात है। अगर हर जगह हर क्षेत्र में कमिटेड बातें ले जाने का प्रयत्न किया गया तो आशंका है कि बैंकिंग

व्यवस्था में भी यह विवाद प्रवेश किए बिना नहीं रहेगी।

मेरा दूसरा सुझाव यह है कि हमने 14 बैंकों के करेक्टर को अभी तक अलग रखने का प्रयत्न किया है। इसके लिये कमेटीज बोर्ड बन रहे हैं, स्थान-स्थान पर रीजनल कन्सल्टेटिव कमेटीज बनाने का विचार है। रीजनल कमेटीज जो बन रही है, उनमें 14 बैंकों के रिप्रेजेंटेटिव्स एक जगह पर बैठाने के प्रश्न की व्यवस्था है। इन 14 बैंकों के बोर्ड आफ मैनेजमेंट भिन्न हैं। यह बात ठीक है कि सभी राष्ट्रीयकृत बैंक हैं, फिर भी उनकी अपनी इडिजिजुअलिटी है। अपने-अपने बैंकों के विवाम और कार्यों के लिए बोर्ड आफ मैनेजमेंट जिम्मेदार है। अब केवल पोलिटिकल पैनल का आर्गुमेंट तो अच्छा है। हममें अच्छा यह है कि बजाय इसके कि राष्ट्रीयकृत बैंकों की कन्सल्टेटिव कमेटी बने, फाइनेंस मिनिस्ट्री की कन्सल्टेटिव कमेटी बननी चाहिए। ताकि क्रेडिट पालिसी को लेकर रीजनल बेसिस पर कन्सल्टेशन करके फाइनेंस मिनिस्ट्री अपनी एक लाइन आफ एक्शन बना ले। सबकी नकेन फाइनेंस मिनिस्ट्री के हाथ में है, इसलिए रीजनल कमेटी में सलाह लेकर फाइनेंस मिनिस्ट्री इस सम्बन्ध में कोई निर्णय ले ले और फाइनेंस मिनिस्ट्री फिर इन 14 राष्ट्रीयकृत बैंकों को अपनी सलाह दे। तभी जो सम्भावना है डायार्की की, डुप्रल कंट्रोल और डुप्रल इन्टरफेस की वह इसमें से आमित हो सकेगी नहीं तो मुझे खतरा है कि रीजनल कमेटीज के द्वारा एक प्रकार से डुप्रल कंट्रोल की व्यवस्था राष्ट्रीयकृत बैंकों के अन्दर हो जायगी। इसलिए हम व्यवस्था को स्ट्रीमलाइन करना चाहिए। मैं चाहूंगा कि सरकार अब भी, देर से भी इन पिछले 18 महीनों की राष्ट्रीयकृत बैंकों की कार्यविधि पर एक रिपोर्ट या उनके एचीवमेंट्स के सम्बन्ध में—जो कुछ भी उन्होंने किए हों—एक स्टेटमेंट हमको जल्दी से जल्दी उपलब्ध करे।

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS): Mr. Chatterjee, you are the last speaker and you try to keep to the time.

SHRI A. P. CHATTERJEE (West Bengal): Mr. Vice-Chairman, Sir, I am grateful to you for giving me this opportunity. I shall not take much time.

Sir, I have looked at this scheme of management and I have found only a very big paragraph, namely, paragraph 3, about the constitution of the Board of Management. Most of the criticisms have been levelled as far as the constitution of the Board is concerned. I have found—my calculation of the number may be a little more or a little less—from a calculation of the Directors who are to constitute the Board that there will be in all about 15. Out of these fifteen we find that workmen are getting only one Director and those who are not workmen but who are employees will get another Director. These will be the only two Directors who will be coming from the employees, two out of fifteen. Not merely that: I may also point out to you that as far as clauses (d), (e), (f) and (g) are concerned, clause (d) for example says that there will be a Director who will represent the interests of depositors. Now, you can easily understand that the person who will come to represent the interest of depositors will be a big businessman. Mr. Chavan, the hon. Finance Minister, may say it may not be so, but you can easily visualise and imagine that to be so and that must be so because small depositors naturally will not be allowed to send their representative. After all, it is not a question of election. It is one Director who, in the opinion of the Central Government, is competent to represent the interests of depositors. Naturally the person will be some big businessman. As far as clause (d) is concerned, the Director will be a big businessman. As far as (e) is concerned, I find that these three Directors will be appointed by the Central Government to represent the interests of farmers,

workers and artisans. Apart from the fact whether this Government will be pro-worker or pro-farmer or pro-artisan, knowing the Government as we do, knowing how the bureaucracy works in this Government and knowing how the Ministers often feel helpless before the onslaught of the bureaucrats, I can easily imagine that these three Directors, who will represent the so-called interests of farmers, workers and artisans, will only help the vested interests. That is the only interest they will represent. Clause (f) says, not more than five Directors, having special knowledge or practical experience in respect of banking matters. Now, Sir, as far as banking is concerned, when you were here, you were saying that banking is a delicate matter. Now, this delicate matter will require a delicate palate a delicate intellect also. Naturally when a workman comes forward, he will not have that delicate intellect. As far as these Directors are concerned, they will serve the interests of big business. As far as the five Directors with special knowledge or practical experience are concerned, they are bound to be those Directors who have got special knowledge or practical experience in giving loans and advances to and accommodating the big business people. So, those five also you can easily imagine whom they will represent.

As far as clause (g) is concerned, he is an official of the Reserve Bank to be appointed by the Central Government on the recommendation of the Reserve Bank. Knowing well how the Reserve Bank has been functioning, deficit financing and giving loans to persons who do not require loans and refusing loans to persons who require loans, we can easily imagine it. Therefore, out of 15, nine will be persons who will represent vested interests. It does not end there. Look at the Management Committee. Actually the Board will not meet often. It will meet as and when it is required to meet. That also has got a procedure as to when the Board will meet and when the Board will not meet.



[Shri A. P. Chatterjee.]

The main functioning will be the Management Committee. Look at the Management Committee. The Government has now come forward with a scheme saying that they are taking at least one workers' representative or one employees' representative. Looking at the Management Committee, who will really manage the Management Committee? It says the Management Committee shall consist of the Chairman, the Managing Director, the Directors appointed under sub-clause (g) and (h) of clause 3. There are five Directors having special knowledge or special experience. I am quite sure that the special experience Directors will not change their so-called special experience unless there is a cultural revolution in the country. They always have experience as to how to give accommodation to the vested interests only. So, who will manage it? The management will be done by the Chairman, the Managing Director, the Directors appointed under sub-clause (g) and (h) of clause 3. This will be the Management Committee. Now, Sir, I have no time left with.

SHRI Y. B. CHAVAN: You please read further where it is said four other Directors nominated by the Central Government.

SHRI AKBAR ALI KHAN: He forgets conveniently.

SHRI A. P. CHATTERJEE: I am reading it: The Management Committee shall consist of the Chairman, the Managing Director, the Directors appointed under sub-clause (g) and (h) of clause 3 and not more than four other Directors nominated by the Central Government after consultation with the Reserve Bank. Well, I am quite sure that these persons who will be nominated by the Central Government will not be the blue-coloured worker, who will be the representative of the workers on it. I am quite sure about that.

SHRI Y. B. CHAVAN: All of them are to be nominated out of the other Directors. . .

SHRI A. P. CHATTERJEE: That is true.

SHRI Y. B. CHAVAN: . . . who are representatives of workers, farmers and artisans.

SHRI A. P. CHATTERJEE: They are not elected, but they are nominated by the Central Government.

SHRI Y. B. CHAVAN: All the Directors are essentially elected.

SHRI A. P. CHATTERJEE: That makes the situation worse. Most of the Directors are nominated. Secondly, again, the Management Committee is staffed with person who are either the Chairman, the Managing Director or the Directors appointed under sub-clauses (g) and (h), and four other Directors nominated by the Government. Even supposing for the sake of argument that these four other Directors are there and are acting as workers' representatives, even then they will be in a minority. The Chairman, the Managing Director, and the Directors appointed under sub-clauses (g) and (h), they come to 8; out of 12, 8 will be those persons who will certainly work for the vested interests, for the big business, who will act against the interests of the small depositors, small people. They will be acting for vested interests. I have seen the amendments also given by Shri Banka Behary Das and also by other hon. Members of this House. But I am quite sure that as far as this scheme of management is concerned, this scheme of management has been schemed, framed, planned and originated in order to maintain the *status quo*, in order to maintain the way in which the banking business was being conducted, in order to maintain the old tradition of helping only the big businessmen, the millionaires and the big bourgeois. As far as the scheme of management is concerned,

there is nothing to be said in its favour. By merely talking of taking workers' representatives I think that the scheme of management is insulting the intelligence of the employees or the workers in the banks.

THE MINISTER OF FINANCE (SHRI Y. B. CHAVAN): Sir, I am very glad that we got this opportunity to discuss the scheme under the Banking companies Act and also at the same time the different aspects of the working of the nationalised banks themselves. To take first the criticism that was voiced by Shri Bhupesh Gupta, he asked whether there is any democratisation of the nationalised banks. This very scheme is evidence of what democratisation we want to achieve, in what direction we want to do it, the extent of democratisation that we have undertaken. Because the first feature to be seen to assess democratisation of any authority is how does the highest executive, the highest body functions. And the highest body in a bank, as a matter of fact the most powerful body which takes decisions on policy is the Board of Directors. This scheme concerns only with the composition, the constitution and other procedural matters about the Board and other bodies. It would not be correct to say that we are not taking any steps towards democratisation. The very birth of the idea of nationalisation was with a view to democratise the functioning of the banks in addition to having radical changes in the policies, social and other economic policies of our credit machinery.

SHRI BHUPESH GUPTA: When people want an elected Assembly, you are offering them a Viceroy's Council.

SHRI Y. B. CHAVAN: We are not talking about Assembly. We are talking about banks. Let us forget all these things. The most discussed topic of today's debate was about the method of nominating the representatives of some of the categories which are mentioned in the Act itself,

particularly about the representation to the employees, workers, depositors, farmers, artisans, etc. The plea is made by some Members—and there are some very important Members. I cannot underestimate their criticism in this matter—that instead of giving this opportunity to merely some of the persons on the panels prepared by the recognised unions, right should be given for every member of a union to use the secret ballot to elect a representative. The idea seems very attractive in the beginning when one hears about it. But we must know exactly what we are talking about. The functioning of the nationalised banks is spread all over the country. If we undertake such an election, it will be a national operation. Then again in order to carry out an election of this type—I am just trying to see how really if we go along this line if we proceed further—there will have to be a completely independent, impartial election machinery to conduct the whole thing.

Then, once you allow election, certainly there will be objections about nominations and candidature and certainly some sort of objections after the elections. And I think there will be no opportunity for the functioning of any bank. We will be completely lost in these paraphernalia and procedural matters. Here it is not a question of giving any representation to an individual worker. What we have accepted here for the purpose is representation of the workers, employees, as a class. Their point of view has to be represented. At the present moment therefore even the trade union movement is functioning through the idea of the representative of the union. Even for their own trade union purposes they have not been able to find any other alternative. When this accepted formulae has been made use of for giving them representation in the very important, delicate machinery of bank, I do not think any other course can be undertaken. If we resort to secret balloting, etc. unfortunately the whole issue will be politicalised. You know

Scheme, 1970

[Shri Y. B. Chavan.]

that once it is politicalised, then it will be factionalised and then it will be completely demoralised. So, it is much better that we accept this medium of representative union through which alone we can achieve the objective.

Some Members, particularly Mr. Banka Behary Das, made a point as to why we are prescribing a limit of 15 per cent of members for union to be representative? I tried to explain at that time that 15 per cent is the minimum. He said, well, there may be industries where there is no 15 per cent even in the membership of the unions. I do not think any industry is in that poor condition. But at least we are here talking about the banking industry. That is the relevant industry today. And I am sure that everybody would admit that the industry of banking is very well represented in the trade union movement. There is no doubt of membership as far as that industry is concerned. The difficulty is, not only is there no dearth of trade union movement but there is no dearth of trade unions also in that. That is another difficulty. There is such a multiplicity of unions. Therefore, it is very difficult to exactly lay down the percentage through which it can be worked. Therefore, this was one of the very tough problems when we prepared the scheme. I discussed the problem with some of the experienced labour workers and also with the Labour Ministry, with people who have some experience of these matters. Myself and my colleagues, we went into this matter, and we found that this is the only way whereby we could secure the representation of the workers and the employees in the banks so that the functioning of the democratic setup of the banks can go on very well.

**SHRI BHUPESH GUPTA:** Did you get suggestions from the Federation of Bank Employees?

**SHRI Y. B. CHAVAN:** Then again, in this matter, we have to learn from our experience. I have not taken the position that everything that we are doing is the last word in this matter. This is not the only scheme that can be brought before the House. There can be certain modifications to this scheme; there can be some other scheme also that can be considered as we grow with experience in this new direction. I think we will have to learn from our own experience also and see how it functions.

Now, Sir, there are different amendments moved by many Members. But I would certainly like to meet some of the other points that were raised by some of the Members. One point that was raised by Shri Banka Behary Das was about the position of the Reserve Bank in the banking system as such. He has raised a very important point. I really wanted to ask what he had to suggest. He made a suggestion on the pattern of the French banking system so that there shall be some sort of a technical surveillance board apart from the Reserve Bank. Well, Sir, I cannot say that I know much about the working of the surveillance board there; possibly, the conditions in France can be quite different from India. But actually we also have to learn from our own experience in this matter. What is the role of the Reserve Bank? Whether it is under-sized or over-sized is a matter of further administrative examination. But the function of the Reserve Bank is that of the Central banking authority in the country. It is a bank of the bankers. It is a banker for the bankers, as a matter of fact. So, naturally, it does not advise only the nationalised banks, it also advises the other banks, including the foreign banks, about the general position of money supply, the credit facilities and other important economic factors which have to be taken into consideration when one runs the bank. In those matters, it certainly advises the Government also because it is the

technical adviser of the Government in certain monetary and fiscal matters and policies. Therefore, I personally think that the role of the Reserve Bank continues to be the same as it was before. There is no question of weakening the Reserve Bank in this matter. At the same time there is no question of creating something rival against the Reserve Bank in the whole system of our things.

SHRI A. P. CHATTERJEE: You mean giving them . . .

SHRI Y. B. CHAVAN: If it means giving them more powers if they want, naturally they will also have to think in terms of being effective. Certainly, this is a matter to be considered. I quite agree that at the present moment the hands of the Reserve Bank are full because of many other activities. But that is a different matter. But I do not think we have reached a stage in this country we have to have some other parallel body to look after this economic and technical aspect of the nationalised banks.

SHRI A. P. CHATTERJEE: Mr. Finance Minister, is it not going to be old wine in a new bottle in every respect?

SHRI Y. B. CHAVAN: It will not be wine at all. That is one thing that you should know. We are Ganga's water. We are not going to be wine. We are certainly the same people, the same country. But certainly we are fired by new ideas, new ideologies, and we are trying to go in a direction, trying to see new horizons which, I am afraid, you have lost because of your clinging to old horizons, what you see in certain text-books. Certainly, I am trying to see new horizons, as the preamble of the Nationalised Banks Act itself says . . .

SHRI BHUPESH GUPTA: Mr. Chavan, some people think you are fired by new ideas. Others think

that having been fired you are misfiring sometimes.

SHRI Y. B. CHAVAN: As long as you are not coming on the firing line you can think so.

SHRI A. P. CHATTERJEE: Is that a fact or an apprehension?

SHRI Y. B. CHAVAN: That is a matter between you two.

About the Reserve Bank I said that it is not necessary at the present moment to do anything about it.

Coming back to the scheme itself, some hon'ble Members made a suggestion that nobody should be allowed to continue as a member after two terms. I do not think we should immediately rush to this conclusion at this stage because we are allowing for the first time new categories to become participants in the management of the banks. We must also allow some sort of expertise to develop in these sectors also. There may be good trade union workers. There may be good employers also. But when they sit on the Board of Directors—my conception of the representation is that they not merely look to the interest of the employees but—sit as the directors of the nationalised banks, and take a little wider view of the whole matter. They will have to take a natural view of the banks. They cannot merely say that after the nationalisation of banks the only interest to be protected is that of the employees and nothing else. I think in that case the whole question will be misunderstood. And, therefore, as he very rightly made an appeal to me—which I am, certainly, prepared to respond to—that we must have a new vision. I might say that Parliament is taking this important step today giving the right to the representatives of employees to be on the Board of Directors so that they also get that new vision. Ultimately, we have to make a success of this new system that we have accepted

[Shri Y. B. Chavan.]

because there are critics of the nationalised banks who have already started making complaints that the banks are in a loss and that the economy is in danger only because banks have been nationalised. Even if it is a sort of bureaucratisation they also will have a new responsibility. I am sure my hon'ble friend, Shri Bhupesh Gupta, will give me co-operation in working out this new orientation in the thinking of the employees.

**SHRI BHUPESH GUPTA:** You are being very unfair. You say this for all the co-operation they have given to you.

**SHRI Y. B. CHAVAN:** Whatever you have given, thanks for it.

**SHRI BHUPESH GUPTA:** How about the saboteurs in the Board coming from those quarters?

**SHRI Y. B. CHAVAN:** We will take full care that there will be no saboteurs there. There is no worry about that matter. The general criticism of Mr. Dahyabhai V. Patel, I took it for granted, was that there is corruption, that there is bureaucratisation. Sir, everything that comes in a new way they always think it to be wrong. I can assure you, Sir, that there is no question of any bureaucratisation as such. Naturally there will be more officers, there will be more employees because at the present moment we are extending the infrastructure to meet the new responsibility that we have undertaken because of nationalisation. What were the twin purposes of nationalisation to begin with? To change our policy of credit and reach the neglected sectors of the economy. In order to do that, we will have to reach new areas, "unbanked" areas, as they call it. Therefore, were trying to reach them. Naturally we will have to expand. So, this is a new infra-structure that we are creating by having a new

credit policy. But it takes time, considering the size of country and the problems that we are facing. Even then I must say that in the course of the last 15 or 16 months since the nationalisation of banks, there is a sizable change in their working in the sense that a large number of branches have been opened in new areas. That was the very point of criticism by Mr. Dahyabhai Patel. He said, "You have opened new branches. But where are the people?" But that is precisely why we have expanded. But if we open a new branch and immediately the next day ask "What is the number of applications, how much deposits you have collected?", it means that we do not know our own country. It is a beginning that we are making. So, it is very reasonable to give some time before we make an evaluation of the working and of what has to be done. In the course of replies to many questions raised in the House, we have certainly indicated the new changes that we have introduced in the field of credit, the new accounts that have been opened, the deposits mobilised and so on. The deposit mobilisation was rather stuck in the beginning. But I can assure hon. Members that the deposit mobilisation movement is now gathering momentum. So, these are the new directions in which we are trying to move. Merely saying that there is bureaucratisation will not be right.

The hon. Member, Shri Bhupesh Gupta, mentioned certain names. At the top level, we have to find some experienced people. In these nationalised banks, we cannot take in an eminent person merely because he is an eminent person. That really speaking, would be failing the country.

**SHRI BHUPESH GUPTA:** I have not suggested, Mr. Chavan, that Shrimati Tarkeshwari Sinha should be made Chairman of a bank.

**SHRI Y. B. CHAVAN:** I believe you are also good, but I cannot appoint you as a Custodian. That is my

difficulty. I cannot afford to take that risk. We have to select experienced people. Then, he mentioned the case of the present Custodian of the Bank of India, Mr. Saxena. He mentioned other names also.

**SHRI BHUPESH GUPTA:** I specifically mentioned Mr. Krishna Iyer, the villain of the piece.

**SHRI Y. B. CHAVAN:** He also mentioned Sami Patel. Mr. Krishna Iyer went to the Central Bank as a special officer to look into the question of misappropriations, etc. in the London Branch. That is now, really speaking, he as a senior man went there. He has been specially sent there, because at the time this matter was raised, the House desired that we should appoint somebody from outside the bank so that he could go into the matter. It was because of this that Mr. Krishna Iyer was first of all sent as a representative of the Reserve Bank and he is continuing to function there. What his status is in the bank is an internal matter, that I will have to look into.

**SHRI BHUPESH GUPTA:** I have told you.

**SHRI Y. B. CHAVAN:** I will certainly look into it, but ultimately it is a matter for the board of directors of that bank. I cannot dictate decisions from here. But I quite agree with the point he has made that the employees and officers of that bank must be treated well and they must have a feeling of participation. If this is the point that he is making, then I am one with him. So, there is no question of victimising anybody, etc. At present, the people who have got some experience of a large-scale bank with a national outlook are the State Bank people. Therefore, we thought it was necessary to find people from them. But it is not the policy to continue to do the same thing. Ultimately what matters is not from where the man comes, but what his capacity is to give leadership to the bank and to achieve the

objectives which we give to him. So, this is my only point about it.

Now, if we go to the individual suggestions made by hon. Members, I should first of all say that there are some good suggestions. But I would plead with the Hon. Members not to insist on my accepting any amendment at this stage. This is one complete scheme and let us see how it functions. I would plead with them not to press for any change in the scheme as it exists now. I can certainly give my comments on every amendment, but I do not think it is necessary to do it.

**SHRI BHUPESH GUPTA:** we suggested many times that you should give loans at a lower rate of interest to the small men. There should be some preferential system.

**SHRI Y. B. CHAVAN:** Immediately after I took over, I had a very detailed discussion with the Custodians of the banks. I raised the question myself that at least as far as the small people are concerned, there is necessity of a preferential rate of interest. But naturally there is another view point also. As far as borrowers are concerned, it is not a matter of interest alone. It is the availability of credit that matters. That is another point. That also has to be taken into account. That is also very important. Even then I do not want to give up the idea of preferential rate of interest. I would say, let us see whether we can make the credit available and at the same time whether we can have some consideration for the smaller people in this direction. Therefore, a study group has been appointed by the Reserve Bank and every week I am expecting its report. I hope I will get its report. Do not suppose that we have lost sight of this aspect of the problem. Now I do not want to go into the details of the question. I would only pleased that the House should be glad enough to accept the scheme as it is so that we can take the next step of installing these boards, these demo-

[Shri Y. B. Chavan.]

cratically-oriented boards. These new boards will function there and then the House will have a greater right to expect more arduous duties from them.

**SHRI BHUPESH GUPTA:** Mr. Chavan, just one request before you sit down. I think we should be supplied with a list of people in high positions who have had fast connections with big business people and who come from those sources.

**SHRI Y. B. CHAVAN:** Well, I cannot give such information because it is a very confidential information kept with the bank. I am sorry I will not be able to give it.

**SHRI K. P. MALLIKARJUNUDU:** What about more representation for farmers?

**SHRI Y. B. CHAVAN:** I missed one point and I must make a reference to it. The honourable Member made a reference about representation to Harijans and Scheduled Castes and Scheduled Tribes. I think it is a good sentiment. That I can understand. But in the Act that we have, in the nature of things, it is very difficult to provide for any reservation. And once we start providing reservations, it will be very difficult to work it out. However, I have taken note of what he said. I quite see that in these things naturally able, experienced, people from those classes also should have their place.

**SHRI G. A. APPAN:** At least 15 per cent to start with.

**MR. DEPUTY CHAIRMAN:** I think we have had a very good discussion. And in view of the observations of the honourable Finance Minister, I would like to know whether the honourable Members are still pressing their motions.

**SHRI BANKA BEHARY DAS:** Mr. Deputy Chairman, as movers of the motions though we have a right to speak, yet I will not take more than

two minutes. Some of the amendments are common and some of the amendments are separate. I will not go to the other aspects of what the Minister said...

**MR. DEPUTY CHAIRMAN:** These are not amendments. These are motions for amendments.

**SHRI BANKA BEHARY DAS:** All right, motion for modifications...

**SHRI BHUPESH GUPTA:** No. These are notices for motions for amendments for modifications of these things.

**SHRI BANKA BEHARY DAS:** Mr. Minister perhaps does not know how long it take by verification. I can say as far as the constitution of the boards of directors of fourteen banks are concerned, by election you can complete it within one month. But by verification, I can assure you, if you are there and I am there till the coming general elections in 1971, you will not be able to fill up...

**AN HON. MEMBER:**... general elections in 1972, not 1971.

**SHRI BANKA BEHARY DAS:** Yes, yes, 1972.

**SHRI A. P. CHATERJEE:** Is he right, 1971?

**SHRI BANKA BEHARY DAS:** The procedure of verification is such that you can never do it in any of the fourteen banks. You know what the procedure is. The Minister should know that in order to select which is the representative union, the Chief Labour Commissioner or his man here will not only have to list all members from all the unions but will have to go for physical verification to district and sub-divisional headquarters and approach at least 10 to 15 per cent of the workers in each area, ask them whether each one of them is a member. This procedure will have to be followed because there is no other way out. That means they will have

to go to sub-divisional headquarters, if necessary further down, and ask the persons concerned whether they are members of those unions, and then after that his report will come. After through such a procedure the representative union according to the scheme, will be determined. It is not like the general election, if secret ballot is to be taken. For that the list is there and everybody knows that. But here within one month you cannot have workers' representatives I can give a challenge here that you can never have representative unions within six months or even one year. That means for one year these boards will function without workers' representative. In other words there will be only nomination. This is a fantastic proposal. I will rather say that you will even now reconsider the entire aspect. Election is the best method. Shri Bhadram says that is a different matter. There might be two opinions.

Secondly, about consecutive year, I want to say that it is a new scheme, We do not say that those who gain experience in this work for six years should be chucked out from the field. After all, you have 14 boards for 14 nationalised banks, leave aside the State Bank. Those who get experience for six years in one board can go to another board. In the same board, they will develop vested interest. I do not want to speak more about it. Only thing is that they should think about the election and not nomination

SHRI A. D. MANI: My first amendment is of inconsequential nature. All that it says is that the whole-time directors should know something about banking. Other amendments I am not pressing. But on this I hope the Minister can give me an assurance.

SHRI Y. B. CHAVAN: They know the interests of the class whom they represent. For the first time we are

sending a representative of artisans, for example..

SHRI A. D. MANI: The two whole-time Directors must have some knowledge of banking.

SHRI Y. B. CHAVAN: It is bound to be there. I have never thought that he can entertain such a doubt.

SHRI CHITTA BASU: The hon. Finance Minister made a plea to the House that for the time being 'let us give a trial to the scheme' which he has produced. I only want an assurance. I have got no doubt in my mind that the representatives of the workmen shall not be chosen and cannot be chosen within a very foreseeable future because of the time-consuming process for election. The only course open to him would be to take anybody and nominate him irrespective of whether he is supported or not supported by the workmen. Would he be pleased to assure us that in that case there will not be any partisan outlook displayed in the matter of nomination?

SHRI Y. B. CHAVAN: I think there is no necessary of giving any additional assurance because there will not be any partisan outlook.

SHRI BHUPESH GUPTA: What about our amendments? They are for strengthening the position of the employees' representatives in the Board Shri Chavan has not said anything about that. The amendments do not run counter to the scheme. We want to strengthen the representation of the bank employees on the various boards. That is our amendment. What assurance do I have that representation of the bank employees will be properly made and also respected? Now here it is left to the officials to decide what should be done, who should come and when.

MR. DEPUTY CHAIRMAN: The question is:

1. "That this House resolves that in pursuance of sub-section (5) of section 9 of the Banking Companies



[Mr. Deputy Chairman.]

(Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), the following modifications be made in the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970, laid on the Table of the House on November 17, 1970, namely:—

'In the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970,—

(1) sub-clause (f) of clause 2 shall be deleted;

(2) in clause 3—

(i) for paragraph (i) of sub-clause (b) the following shall be substituted namely,—

“(b) (i) one Director, from among the employees of the nationalised bank, who are workmen, to be elected by the workmen through secret ballot.”;

(ii) in sub-clause (c) for the words “to be appointed by the Central Government after consultation with the Reserve Bank” the words “to be elected by such employees through secret ballot” shall be substituted;

(3) in clause 9—

(i) in sub-clause (1) for the words “A Director appointed” and “re-appointed” the words “A Director elected or appointed, as the case may be” and “re-election or re-appointment” respectively shall be substituted;

(ii) in the proviso to sub-clause (1) the brackets and letters “(b), (c)” shall be deleted;

(iii) after the existing proviso to sub-clause (1) the following new proviso shall be added:—

“Provided further that the Directors elected under sub-clauses (b) and (c) of clause 3, shall be removed if the

majority of employees who are workmen and employees who are not workmen, as the case may be, demand their recall.”;

(4) in sub-clause (3) of clause 11 for the words, brackets and letters “nominated under sub-clause (b) or sub-clause (c)” the words brackets and letters “elected under sub-clause (b) or sub-clause (c)” shall be substituted;

(5) in sub-clause (2) of clause 13, for the words “the Directors appointed under sub-clauses (g) and (h) of clause 3 and not more than four other Directors” the words “the Directors elected or appointed as the case may be, under sub-clauses (b), (c), (g), and (h) of clause 3 and not more than two other Directors” shall be substituted.

This House recommends to Lok Sabha that Lok Sabha do concur in this resolution.”

*The motion was negatived.*

MR. DEPUTY CHAIRMAN: The question is:—

2. “That this House resolves that in pursuance of sub-section (5) of section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), the following modifications be made in the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970, laid on the Table of the House on November 17, 1970, namely:—

'In clause 3 of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970,—

(i) in sub-clause (a) after the words “not more than two whole-time Directors” the words “with knowledge and experience of banking” shall be added;

(ii) in sub-clause (c) after the words “to be appointed by the Central Government” the words “out of a panel of three submitted

to it by any association representative of such employees or when there is no association or where no panel has been submitted," shall be added;

(iii) in sub-clause (e) for the word "artisans" the word "industry" shall be substituted; and

(iv) in sub-clause (f) for the words "in respect of one or more matters which are likely to be useful for the working of the nationalised bank" the words "of matters connected with a nationalised bank" shall be substituted'.

This House recommends to Lok Sabha that Lok Sabha do concur in this resolution."

*The motion was negatived.*

MR. DEPUTY CHAIRMAN: The question is:—

3. "That this House resolves that in pursuance of sub-section (5) of section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), the following modifications be made in the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970, laid on the Table of the House on November 17, 1970, namely:—

In the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970,—

(1) in clause 2—

(i) in sub-clause (f) for the words "after due verification" the words "after ascertaining the strength by secret ballot" shall be substituted;

(ii) sub-clause (h) shall be deleted;

(2) in clause 3,—

(i) for paragraphs (i) and (ii) of sub-clause (b) the following

new paragraphs shall be substituted:—

"(i) one Director, from among the employees of the nationalised bank, who are workmen, to be appointed by the Central Government, whose name shall be furnished by the representative Union, within a date to be specified by the Central Government, which date shall not be more than six weeks from the date of the communication made by the Central Government requiring the representative Union to furnish the name;

(ii) (A) where there is no representative Union to represent the workmen of a nationalised bank, or

(B) where such representative Union, being in existence, omits or fails to furnish any name within the specified date, or

(C) where the person whose name has been furnished by the representative Union is disqualified, whether under item (iii) of this sub-clause or under clause 10,

the Central Government may at its discretion, appoint such workman of the nationalised bank, as it may think fit, to be a Director of such bank;"

(ii) for sub-clause (c) the following shall be substituted:—

"(c) (i) one Director, from among the employees of the nationalised bank, who are not workmen, to be appointed by the Central Government whose name shall be furnished to it by the representative Union, within a date to be specified by the Central Government, which date shall not be more

[Mr. Deputy Chairman.]

than six weeks from the date of the communication made by the Central Government requiring the representative Union to furnish the name;

(ii) (A) where there is no representative Union to represent the employees of a nationalised bank who are not workmen, or

(B) where such representative Union, being in existence, omits or fails to furnish any name within the specified date, or

(C) where the person whose name has been furnished by the representative Union is disqualified under clause 10,

the Central Government may, at its discretion, appoint such employee of the nationalised bank who is not a workman, as it may think fit, to be a Director of such bank;";

(3) in clause 9—

(i) in the proviso to sub-clause (1) the brackets and letters "(b), (c)" shall be deleted;

(ii) after the existing proviso to sub-clause (1) the following new proviso shall be added:—

"Provided further that the Directors appointed under sub-clause (b) or (c) of clause 3, shall be removed when not less than 60 per cent of the members of the representative Union express no confidence in him";

(4) in sub-clause (2) of clause 13 for the words, brackets and letters "sub-clause (g) and (h)" the words, brackets and letters "sub-clauses (b), (g), and (h)" shall be substituted;

(5) after clause 14 the following proviso shall be added:—

"Provided that when the Board constitutes an advisory committee

with a Director or Directors on it, the Director or at least one of the Directors, as the case may be, shall be the Director appointed under sub-clause (b) or sub-clause (c) of clause 3.";

(6) after paragraph (c) of sub-clause (2) of clause 15 the following new paragraph shall be added:—

"(d) one nominee of the representative Union."

(7) in clause 16—

(i) after sub-clause (4) the following proviso shall be added:—

"Provided that no nominee of the representative Union shall be removed without consulting the representative Union and the vacancies arising due to the removal of such nominees shall be filled in consultation with the representative Union.";

(ii) after sub-clause (5) the following proviso shall be added:—

"Provided that no nominee of the representative Union shall be removed without consulting the representative Union and the vacancies arising due to the removal of such nominees shall be filled in consultation with the representative Union.";

(8) the First Schedule shall be deleted.

This House recommends to Lok Sabha that Lok Sabha do concur in this resolution."

*The motion was negatived.*

MR. DEPUTY CHAIRMAN: The question is:

4. "That this House resolves that in pursuance of sub-section (5) of section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), the following modifications

be made in the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970, laid on the Table of the House on November 17, 1970, namely:—

In the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970,—

(1) in clause 3—

(i) in sub-clause (e) the words “after consultation with the Reserve Bank” shall be deleted;

(ii) after sub-clause (e) the following proviso shall be added:—

“Provided that the Central Government shall consult the various all-India organisations working amongst the farmers, workers and artisans before appointing the Directors under this sub-clause.”

(iii) after sub-clause (f) the following proviso shall be added:—

“Provided that one of the Directors appointed under this sub-clause shall have experience in running of cooperative banking institutions.”;

(2) after sub-clause (c) of clause 10, the following new sub-clause shall be added:—

“(d) if he has been on the Board of Directors of the Bank for two consecutive terms.”;

(3) in sub-clause (2) of clause

13—

(i) for the words, brackets and letters “sub-clauses (g) and (h)” the words, brackets and letters “sub-clauses (e), (g) and (h)” shall be substituted; and

(ii) for the words, “four other Directors” the words “three other Directors” shall be substituted:

(4) after sub-clause (4) of clause 15 of the following new sub-clause shall be added:—

“(5) Each Regional Consultative Committee shall meet at least twice in a year.”’

This House recommends to Lok Sabha that Lok Sabha do concur in this resolution.”

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:—

5. “That this House resolves that in pursuance of sub-section (5) of section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970) the following modifications be made in the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970, laid on the Table of the House on November 17, 1970, namely:—

In the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970,—

(1) in the proviso to sub-clause (f) of clause 2 for the words “fifteen per cent” the words “fifty per cent” shall be substituted;

(2) in clause 3—

(i) in the opening paragraph after the words “As soon as may be” the words “within sixty days” shall be added.

(ii) in paragraph (i) of sub-clause (b) for the words “six weeks” the words “three weeks” shall be substituted;

(iii) in sub-clause (d) after the words “the Reserve Bank” the words “and with the body representing the depositors” shall be added;

[Mr. Deputy Chairman.]

(iv) for the existing sub-clause (e) the following new sub-clause shall be substituted:—

“(e) two Directors, who in the opinion of the Central Government are competent to represent the interest of the farmers, to be appointed by the Central Government after consultation with the Reserve Bank and wherever applicable with such institutions or bodies representing the interests of markets:

**Provided that one of the two Directors, so appointed, shall be nominated from the Southern States of India.”**

(v) after sub-clause (e) the following new sub-clause shall be added:—

“(ee) two Directors, who in the opinion of the Central Government are competent to represent respectively the interests of workers and artisans, to be appointed by the Central Government after consultation with the Reserve Bank;”;

(vi) in sub-clause (f) for the words “five Directors” the words “four Directors” shall be substituted:—

(3) in the proviso to sub-clause (1) of clause 9 after the words “the Central Government may” the words “for valid reasons and” shall be added;

(4) in clause 16—

(i) in sub-clause (4) after the words “the Board may” the words “for valid reasons” shall be added;

(ii) in sub-clause (5) after the words “Regional Consultative Committee may” the words “for valid reasons” shall be added.

This House recommends to Lok Sabha that Lok Sabha do concur in this resolution.”

*The motion was negatived.*

MR. DEPUTY CHAIRMAN: The House stands adjourned till 11 A.M. tomorrow.

The House then adjourned at fifty-eight minutes past five of the clock till eleven of the clock on Friday, the 11th December, 1970