

**I. RESOLUTION SEEKING DIS-  
APPROVAL OF THE BANKING  
COMPANIES (ACQUISITION AND  
TRANSFER OF UNDERTAKINGS)  
ORDINANCE, 1969 (No. 8 of 1969)**

—*contd.*

**II. THE BANKING COMPANIES  
(ACQUISITION AND TRANSFER  
OF UNDERTAKINGS) BILL, 1969**

—*contd.*

**SHRI BHUPESH GUPTA :** Mr. Vice-Chairman, Sir, for some years our people have been demanding nationalisation of the commercial banks in the country. The demand was due to the fact that the banks had been working not only to the detriment of the national interest but even against the principles and commitments of the Constitution of our country as enunciated in its Directive Principles. Experience has shown that banking funds were being utilised to build up concentration of wealth and economic power to distort our economic development, to hold the society to ransom, to indulge in profiteering and speculation and to create a run on our economy.

Experience had also shown that by using the huge funds available to the banks, savings of the community at large, some sections of the big business at the top were trying to occupy an entrenched position in a whole number of industrial units and in vast spheres of trade, with the result that our planning again and again came up against the difficulties created by them, and these people by reason of their control of such huge national reserves were in a position to disregard national priorities and give rather a distorted and perverted direction to our economic growth. Therefore, from the point of view of the national economy it is made more and more clear that we would have to take a measure of this kind.

Not only this, the banking world under the control of a few families operated to the detriment of the common man. Reckless credit expansion by many of the banking concerns resulted in what may be easily called deficit financing in the private sector giving boost to prices and inflationary processes which the country can think of only after taking into account side by side the official deficit financing, credit expansion for speculative and other purposes by the major banks in our country. Often that aspect has been overlooked while criticising the deficit financing which goes on through the printing of notes in the Nasik Press.

Again, these finances were utilised for, particularly, hoarding and profiteering in foodgrains. It has been estimated that sometimes the advances amounted to even Rs. 130 crores as a result of which the poor peasants in the countryside had been fleeced and the consumer in the town had suffered on account of the profiteering in foodgrains. This has attracted adverse criticism from various economists and also from various surveys and documents published by the Reserve Bank of our country.

Much of the speculation and black trade would not have been possible were it not for the fact that the banks were in control of those very people who are occupying today, to the misfortune of this great nation, commanding positions in our economy and had not been yet pulled down from those positions in order to be pushed back in their economic operations.

Now, Mr. Vice-Chairman, the total bank deposits in 1951 amounted to barely Rs. 900 crores. In 1965 it rose to Rs. 3,073 crores of rupees, and today it is well over Rs. 4,000 crores. The significance of this will be understood when we appreciate that the deposits now account for 15 to 17 per cent. of the total national income of the country compared to 9 per cent. which was the amount of deposit in 1951. That is to say, in a period of 15 years banks have been in a position to grab 15 to 17 per cent. of our national income whereas only ten or fifteen years ago they could get only 9 per cent. which was also a big sum. Now, where does the money come from ?

Deposits do not come from the big families. Deposit comes from 1.25 crores of depositors spread all over the country. Therefore, we can say that it is the savings of the nation and the community, and that is why these huge savings of the nation and the community should be in the hands of the nation, subject to the superintendence, direction and control of the nation. Exactly the opposite happens. They have passed into the hands of those people who were thriving on the savings of the common people who were suffering. This aspect has to be borne in mind.

How can you think of giving a proper direction to our national economy when 15 to 17 per cent. of the national income had been placed in the hands of a few monopoly houses who were indulging in

corruption, blackmarketing, black trade, some of which we always get to know even from the official reports. For example, recently we got the report of the Licensing Inquiry Committee. That is one aspect of it. Another is that these deposits were acquired from all over the country, from all the 17 or 18 States of India, Union Territories included. But they had been spent in four or five States, namely, West Bengal, Madras, Maharashtra, Mysore and Gujarat. I mention this fact because when we talk about regional disparities and economic imbalances in our country, we must also remember that this is largely due to the fact that those who have been controlling the finances of the country, have been investing not from a broad national angle, but from the angle of their business interests, taking into account their convenience and also the possibility of earning quick profit. As a result many of the other States have suffered.

In this context, Mr. Vice-Chairman, if you just look at the banking offices in our country—I am giving some figures—you will find that out of the 5,812 bank offices all over the country, 3,065 are concentrated in five States only. This is again another evidence of concentration of the banking operations, not from the point of view of broad national interest, but from the point of view of those who are commanding the savings of the community. What does it mean? The national savings which came into the hands of some have not been utilised for the nation in a fair and even-handed manner, with the result that a large number of sectors became “have-nots” from the point of view of accommodation of credits and other facilities which are particularly required for starting co-operative, small and even medium industries. It is a common complaint in our country to-day that the small and medium industries, not to speak of co-operatives, do not get bank accommodation because the bank directors and others at the top would like an internal arrangement among them to be so made that the deposits available to them go to finance their business, subsidiaries of their companies and also for building up mutual business empires. Therefore, not only the peasants and the workers and the common man have suffered under the existing arrangement which we are now going to change, but even small and medium industries and co-operatives have suffered under this arrangement.

Whereas the banks were getting these huge amounts in their hands, we find that the industry received, according to the latest figures 61.5 per cent of the total bank advances, but this is again misleading. If you go into the break-up, you will find that most of these bank advances went to the big business houses and it has been shown that 20 or 30 families have grabbed a major share of the 61.5 per cent of the total bank advances under the head “Industry.” Therefore, you must not just generalise this thing. We must take into account here the “haves” and the “have-nots” within their own sphere.

In so far as agriculture is concerned, it has suffered most under these private banks. Agriculture has received only 0.2 per cent of the total advances, not even 1 per cent of the total advances. In other words, it got Rs. 20 lakhs out of every Rs. 100 crores of advance. This is the position. Yet, we are told that agriculture was receiving a fair deal. From agriculture we receive 45 per cent of our national income. Seventy per cent of the population depend on agriculture. All goes well, if agriculture is well. All goes wrong, if agriculture is wrong. Yet the huge savings of the community are utilised not for helping and sustaining the vital, life-giving sector of our economy, but the funds are diverted into monopolistic channels to build up economic empires and power. This is certainly one major reason why banks should have been nationalised much earlier. We are paying for our folly in terms of sweat and toil, tears and sorrow. If the banks had been nationalised much earlier, Parliament would have been in a position to demand and make allocations and credit accommodation for our agriculture. But as the banks were in the hands of the Tatas and Birlas, we were not in a position to say anything about them. Questions would not be allowed because, it would be said, the matter is not under any Ministry and it is not within the purview of parliamentary check-up or interpellation.

Commerce received 25.6 per cent of the total bank advances, but here again the small trade and business, the co-operative sector, suffered very badly. When we say commerce, we have in mind here the big elements in the field of industry and commerce, in the commercial world, who grab the money by reason of the control of their banks. It is true that certain regulations were made that

[Shri Bhupesh Gupta]

the Punjab National Bank, for example, should not give advances to its own directors. But nothing prevents the United Commercial Bank from giving advances to the directors of the Punjab National Bank and the Punjab National Bank from giving advances to the directors of the United Commercial Bank.

It is well known that when some years ago, Mr. Dalmia was arrested in Man Singh Road on charges of swindle and other things, there appeared on the scene his great son-in-law—he is not a son-in-law like Mr. C. D. Pande—Mr. Shanti Prasad Jain. He came to Delhi and went to C. D. Deshmukh and offered him immediately Rs. 2½ crores, a cheque on the Punjab National Bank, in order to get his father-in-law released—a good son-in-law, I must say, but only at the cost of the nation. Now, he offered the money because the charge was that Mr. Ram Krishna Dalmia had embezzled about Rs. 2½ crores. The savings of the community were readily available for the son-in-law to rescue his father-in-law from the clutches of law when he was being held on a charge of swindle. I do not know what Mr. Man Singh had done before he was killed in the Chambal Valley. But I do know that Mr. Man Singh the Chambal Valley was far more respectable a man than many of the monopolists in the country because the loot of Man Singh, compared to that these monopolists are looting in the country, would have been very, very insignificant and small, and yet Man Singh had to fall to the bullets of the authority, and the Tatas and Birlas, Dalmas and Jains thrive in wealth and prosperity at the cost of the nation. The banks have made it possible.

Mr. Vice-Chairman, you will find that even in regard to the State Bank, 75 per cent of the advances went to the private sector, and only 19 per cent to the public sector. There again the advances of the State Bank, Rs. 198 crores, went to 66 big accounts whose individual borrowing was Rs. 1 crore and more. These trends yet remain. I hope they will be taken due note of when we administer the law. Here I need not go into the other aspects of the matter. This is a very very important thing that we have nationalised the banks.

4 P.M.

As far as the credit part of it is concerned, credit rules are laid down by them. Well we have the Reserve Bank and it has got

its regulations. We shall deal with the other aspects of it. Two points I would like to make. The Indian branches of the foreign banks should have been nationalised because they control in deposits Rs. 500 crores ; less than a dozen banks have so much business. I do not see as to why we could not have done it. If President Nassar could do it, if General Ne Win could do it ; if other countries could nationalise the foreign banks, why should we hesitate to do so ? Is it because America will not give us money ? Is it because West Germany will hold us to ransom ? Is it because the United Kingdom will turn against us ?

In any case, they have turned against us by imposing a 15 per cent *ad valorem* duty on the textile imports from this country. Why are you afraid of it ? It remains to be explained. After all, Rs. 500 crores in a few hands is not a small amount or a poor country like ours besides the money which is not in the hands of our nationals. You can catch our nationals and put them in the Tihar Central Jail without diplomatic complications, but you cannot catch an American or an Englishman or other foreign national because not only they have diplomatic representation here, but some of my friends opposite will lead delegation after delegation in the name of friendship between nations. So, I would like to know from the Prime Minister as to why this unmerited gesture has been shown to quarters which do not deserve it.

Again, I should like to say that the exemption limit of Rs. 50 crores seems to be too high. Personally speaking, our party stands for nationalisation of all banks. And life will teach you. Life has taught many a Prime Minister and we hope this Prime Minister will also be taught that nationalisation is a national necessity and ultimately we will have to go in for a hundred per cent nationalisation.

But today, none-the-less this measure is a momentous measure because these fourteen banks between them control Rs. 3,000 crores of the total deposits. Their deposits plus the deposits of the State Bank today placed in the hands of the State, amount to over 85 per cent of the total deposits. This is certainly a very significant achievement and the Prime Minister needs to be congratulated for it. I would also congratulate the Government because I am a generous man. I would congratulate the Prime Minister

particularly because but for her initiative... (Interruptions) I have grown old in Parliament. I have seen a few Prime Ministers. I have seen many a Finance Minister, rising and falling before time. I have seen many a people passing through the Treasury Benches, some to oblivion, others to glory if you like to call it so, whatever you call ; but most of them have gone into oblivion, unwept, unsung. Now, when I congratulate the Prime Minister I hope you will not call her a fellow-traveller for that, because I congratulate your party also because we are generous. The communists are large-hearted people. They do not hesitate to congratulate you. I know you belong to another party. I know I am fighting to replace the Congress Government by a Government of Left and democratic unity. Yet when I see a Government taking a measure in the national interests, in response to the urges and demands of the people, I give that Government ungrudging support and sympathy. That is what I say here. You may be afraid of communism. Here my friend, Mr. Dahyabhai Patel, used to say—and he would not deny it—to Pandit Jawaharlal Nehru when he was occupying the place which his daughter is occupying now, “Mr. Prime Minister, you are doing what Mr. Bhupesh Gupta wants” Fancy Pandit Jawaharlal Nehru doing what Mr. Bhupesh Gupta asked him to do.

श्री राजनारायण : भूपेश, आपने पढ़ा होगा कि कल प्राइम मिनिस्टर ने क्या कहा जब किसी ने कहा कि यह कम्युनिस्ट मीटिंग है ? उन्होंने कहा कि कम्युनिस्ट कहना किसी को, उस सदस्य का और कांग्रेस का अपमान है ।

SHRI BHUPESH GUPTA : Now I find some members in the Congress Party are not only lobbying with the Swatantra Party, but are taking Mr. Dahyabhai Patel's dope and using the same argument, the same language, against the daughter of Pandit Jawaharlal Nehru. She is being called for doing this thing a fellow-traveller which Pandit Jawaharlal Nehru had also been called in the United States of America for allegedly doing certain things at the instance, they said, of the communists, in a true communist style. He was attacked like that. But I hope this Government is strong enough not to be swerved from its path by this kind of provocation.

But none-the-less our Shrimati Tarkeshwari Sinha will not have many things new... (Interruptions) Mr. Dahyabhai Patel you should be happy that after all, a very elegant lady is imitating you namely, Shrimati Tarkeshwari Sinha...

(Interruptions)

Now, Mr. Vice-Chairman, I am not going into the Communist meeting and all that. The Congress can never hold a meeting as the Communists hold their meetings. That is well known. That is why I say they are Congressmen and we are Communists.

The same thing was said when the State Bank had been nationalised. The same arguments we hear from some of the parties on this side. They said it was a communist measure. Pandit Jawaharlal Nehru had gone the communist way. He had become a fellow-traveller. Mr. Deshmukh was advised by the communists. The same old matter again. Yet, the caravan is passing. Nationalisation is taking place, because of the compulsion of life, the compulsion of economy, the demands of the people. This is one aspect I wanted to point out. (Interruption) Mr. Vice-Chairman, you at least take me as an old Member. I may not be a good Member, but am an old one. I came to Parliament in 1952. I have sat through in this House sometimes to your annoyance, sometimes to your pleasure, but ever present in this House. I have not been an unfunctioning parliamentarian. I cannot recall when the Central Government from those benches came out with such a bold, far-reaching, measure as the bank nationalisation. There have been good measures. We have supported them ; but this is particularly courageous and far-reaching because it strikes at the citadel of monopoly capital. We have have only stormed into it. We have to capture it, and there you will require new and other measures, follow-up measures, and also proper administration on a democratic basis, in co-operation with the bank employees, the employees of the banks that you are nationalising...

SHRI DAHYABHAI V. PATEL (Gujarat) : As you have in West Bengal.

SHRI BHUPESH GUPTA : West Bengal is in his head. What can I do ? I cannot wipe out West Bengal from the map of India. Banks will be nationalised in Bombay also.

[Shri Bhupesh Gupta]

Therefore, Mr. Vice-Chairman, the Government deserves our congratulations. The Congress Party and other people also deserve our congratulations because after all, I do say that if their party were opposed to nationalisation, the whole of the opposition, a few people, would not have succeeded in getting it. And the Prime Minister was quite right when she said she was implementing the decisions of the A-ICC. The trouble with the Government is one Minister takes such a long time to implement the decision on privy purses that I do not know what will happen to the privy purses and the princes by the time this measure comes. But here is a good thing. Within six days of passing of the resolution, the banks are nationalised. That is how people should behave. That shows courage. That shows confidence in the people. That shows the understanding of a good cause. And no wonder the people of the whole country have rallied to the nationalisation enthusiastically. Rarely have I seen a Government measure getting so much support in the country. Rarely have I seen a Government measure being acclaimed and applauded in the manner in which the bank nationalisation is done. Therefore I am not upset by it because the Congressmen may try to take advantage electorally; but as far as I am concerned, am I to go by narrow party interests or electoral advantages, a seat here or a seat there or am I to go by the paramount demand of the national interest? So long as the measure conforms to the national interest, we have reason to celebrate, all of us jointly, from both sides of the House that for once we have taken a big, bold courageous measure with a promise for the future. That is all that is needed. I wish therefore the measure full success.

Unfortunately it has been frowned upon not only by some friends from the Opposition but surprisingly enough, by some ex-Cabinet Ministers, the topnotchers of the Congress Party and I was shocked and horrified when I read in the paper that Mr. Patil, speaking on the 24th July in the Rotary Club here, was comparing nationalisation with the nationalisation of marriage. I do not know whether Mr. Patil was in a delirious state or he was being just naive or dirty when he wanted to discredit and defame a progressive, good measure by insulting women as if our women are capable of being nationalised and all that, as if our civilisation teaches us in terms of nationalising women.

I am shocked that man of his position, because he belongs to the ruling party should have ever dared to utter such things that bank nationalisation is the same as the nationalisation of women. That again is borrowed from the exploded anti-communist propaganda.

SHRI BABHUBHAI M. CHINAI (Maharashtra) : On a point of order. Mr. Gupta has quoted some speech of Mr. Patil in which he has said about the nationalisation of marriages but not the nationalisation of women. He is misquoting him. I would like to correct him.

SHRI BHUPESH GUPTA : There is no point of order. I am sure those who offer him dinner must defend him. They can defend him. So I say that Mr. Patil has said that. Another factor I must point out. Mr. Patil is going round the country, running a campaign against the nationalisation and we are also following him. On the 13th of this month I shall be in Bombay, I am giving you notice, Mr. Chinai. Who is running a campaign? We are not running it. Your partyman is running it. Not only that.

A scurrilous campaign is being run against such members in the Congress Party who stand for nationalisation. We send our people to listen to their speeches and when they come and report to us, we find out whether they were Congressmen, because after all it is the decision of the Congress Party which is being implemented. Mr. Patil who talks about discipline in the party should behave as a loyal member of the party and should not only support nationalisation but he should go to the masses, explain the nationalisation and support it. Communists are dragged in, I may tell you.

Had Mr. Patil belonged to the Central Committee of the Communist Party, we would have summarily expelled him from the Party. I read the other day—I am a journalist of a sort, you may not like my journalism—‘The Searchlight’ and I saw an article by Shrimati Tarkeshwari Sinha, supposed to be my fellow journalist—I am told she earns Rs. 4,000 a month by writing; I have never earned, how can I match her? In the paper ‘Current’ which is the paper which Jawaharlal Nehru denounced in this House—he would not even like the paper to be named, which is a really scurrilous, pro-American rag, I found Shrimati Tarkeshwari Sinha, a leading lady of the Syndicate,

may be hon. Lady of the Syndicate they will call, writing a scurrilous article not merely against the Communists—we consider it to be a tribute when Shrimati Sinha writes against us—but against their Prime Minister, their Party, their policy and the decision and yet we are told a few things about discipline of the Congress Party.

Here is the man who was to be reprimanded, Mr. Dharia, and also Mr. Chandra Shekhar who was also to be reprimanded. Mr. Dharia was in trouble because some high and mighty got angry with him. Why should there be this double standard? If Mr. Chandra Shekhar is liable to be reprimanded for having utilised his fundamental right on the floor of this House to demand something of the Finance Minister, Mr. Patil and Mrs. Sinha deserve summary expulsion from the Congress Party and yet nothing of the kind is taking place. Shrimati Sinha has a wrong idea.

SHRI DAHYABHAI V. PATEL : Why not join the Congress Party and wash these dirty linen there?

श्री राजनारायण : भूपेश जी, आपने श्री देशमुख की तारीफ कर दी कि उन्होंने स्टेट बैंक को नेशनलाइज कर दिया, एल.आई.सी. को नेशनलाइज कर दिया। केवल नेशनलाइजेशन के लिये अगर आप उनकी तारीफ करेंगे तो बहुत से लोग अपना वोट उनको दे देंगे।

SHRI BHUPESH GUPTA : My friend Shri Rajnarain for whom I have great regard and personal affection said that I should praise Mr. Deshmukh because he nationalised the L.I.C.

SHRI GODEY MURAHARI (Uttar Pradesh) : He is saying the opposite.

SHRI RAJNARAIN : Do not say it.

SHRI BHUPESH GUPTA : Mind you, when he nationalised the L.I.C. we praised the Government at that time also but it is interesting for me to point out in this old age—I am entering the afternoon of my life and at that time I was here—that life insurance was nationalised at the instance of Jawaharlal Nehru when the scandal of life insurance came and it is surprising that Mr. Deshmukh is

trying to steal the credit away from him. But how is it that when Shri Giri wanted to give effect to the recommendation of the Bank Award in regard to the bonus and wage increase for the bank employees, Mr. Deshmukh advised Mr. Jawaharlal Nehru not to accept those favourable recommendations and he rejected them? Shri Giri resigned from his position.

SHRI LOKANATH MISRA (Orissa) : He has taken 45 minutes. I do not know how you are distributing the time.

SHRI BHUPESH GUPTA : I do not wish to upset them. They like my speech, not me.

श्री राजनारायण : भूपेश जी, अब आप थक गये हैं। अब आप बन्द कीजिये क्योंकि अब आप अपना प्वाइंट लूज कर रहे हैं ...

(Interruption)

SHRI BHUPESH GUPTA : Finally, I would say that you should take one lesson from this law. A measure of this kind the Government can never take without removing the main political obstacle in the administration of the Government. That is why I welcome the decision. I cannot think of discussing this Bill for nationalisation without Mr. Morarji Desai being out of the Finance Ministry and out of the Government. You know it very well that some people, for whatever reason, are very influential and they have many supporters and so on. When they are in key positions, they obstruct and temporise others and for convenience sake, others yield to pressure and somehow or other good things do not come up. Therefore I never look upon it as a personal thing as Mr. S. K. Patil or such others are looking upon it because, if we were at all determined to nationalise banks, then the high priest of social control and saboteur of nationalisation, Mr. Morarji Desai, had certainly to be got rid of in order to push through this measure.

THE VICE-CHAIRMAN (SHRI M. P. BHARVAGA) : Yes, that will do.

SHRI BHUPESH GUPTA : One word finally before I sit down.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : There have been several 'finally'.

**SHRI BHUPESH GUPTA :** Now it should be finally'. Now this is a 'finally' without 'several', outside the category of 'several; now it is like the Deputy Prime Minister, only one, next to the Prime Minister.

Now here my suggestion will be—before I sit down—that the bank employees should be taken into confidence and given their rightful part to play. It has been shown that those who opposed it, those who wanted to attack it under Section 35AD in the social control measures, whose sponsor is since out of office, their stand has been vindicated. Their co-operation should be taken. Conditions should be created, service conditions and other things should be so created that they are in a position to fulfil the role assigned to them or we expect to give them. Secondly I would like to say ultimately that we must have one Board. You cannot have the various units, Mr. Vice-Chairman. My fear is this. If you have various units, these fourteen, somebody may start some day the move for denationalisation. That way it becomes easy to start the move. But if you have one system ultimately, then it becomes more difficult. That is why I would make the suggestion that the ground should immediately be prepared for it.

As far as compensation is concerned it should be very little. I think Government is thinking of giving very high compensation. It should not be given. The face value of the paid-up capital, that should be the compensation ; by no means should it exceed that.

Then finally in this connection...

**THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) :** Again 'finally' ?

**SHRI BHUPESH GUPTA :** It is 'finally' of the other clause.

**THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) :** I do not want to be harsh but I should say that you have taken a lot of time already.

**SHRI BHUPESH GUPTA :** All right, Mr. Vice-Chairman. Not being the final point I may tell you this thing here that Birlas and people belonging to the big business should not be placed in high positions. I only just want to end up with these words...

**THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) :** No., Mr. Bhupesh Gupta. That will do.

**SHRI BHUPESH GUPTA :** All right, Sir. They should not be put in high places. People who are really committed to the public sector, who have no connections with the big business but competent experts, should be placed.

**THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) :** That will do.

**SHRI BHUPESH GUPTA :** ...in the commanding position for running these nationalised banks.

Once again I congratulate the Government and particularly the Prime Minister for having taken this very bold measure, and I hope the A.I.C.C. Resolution at Bangalore, the other sections of it, will be implemented, and before this Parliament Session is out we would like to see some more measures placed before the country. People have got to be galvanised and moved into action for the making of the nation against the monopolists. Therefore I hope more measures would follow soon before the Session is out.

**THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) :** In future you should keep to time. Mr. B. K. P. Sinha.

**SHRI B. K. P. SINHA (Bihar) :** Mr. Vice-Chairman, for once. . . .

**श्री राजनारायण :** जब दूसरे भी ऐसा करेंगे तब आप गरम मत होइएगा ।

**SHRI B. K. P. SINHA :** Mr. Vice-Chairman, this is one of the rare occasions when I find myself in substantial agreement with the main argument advanced by the previous speaker Mr. Bhupesh Gupta though I heartily disagree with many of those factional and partisan broadsides he had launched against us and some hon. Members of our party.

Mr. Vice-Chairman, it is a bold step. It is a courageous step. It is an imaginative step—nationalisation of banks. To steal a phrase from Mr. Armstrong, the first man who landed on the moon, for the Prime Minister it is one small step ; for the nation it is one great leap forward.

Mr. Vice-Chairman, four decades back on the sands of Karachi, our great organisation projected the picture of a free India that was to be. In subsequent years we developed under the great leadership Pandit Jawaharlal Nehru that conception, and opted for a socialist society. And socialism without nationalisation of banks is inconceivable, for the banks to day are an integral part of the whole economy, an integral part of the economic apparatus. Our banks today are not what they were a hundred years back. They are the nerve centres of the economic life. They are the nerve centres of the system in which we operate. And if we want to control that system, if we want to give a social direction to that system, then there is no option for us except to take charge of that machinery. But while socialism implies a nationalised banking system the reverse is not true, and a nationalised banking system is not necessarily an indication of a socialist order. Banks have been nationalised in Italy, in France, in Australia, but they have been operating as a wing, as part of the free enterprise economic system. This is a fact which we should keep in mind. The Prime Minister and others have talked of the technical perfection of the management of the banks. Banks should be managed and managed well, but the issue does not end there. The problem is not solved simply by the efficient management of these banks. We have to set our targets higher. I have heard hon. Members—Mr. Bhupesh Gupta also—wax eloquent on the regional disparity, on the denial of finance to small entrepreneurs, on the denial of finance to professional people. I say that if we move in the direction of curing these, then we would be moving in a right direction. But then, if that is the goal which we set before ourselves, if that is the destination which we seek to achieve, then, in my opinion, we are setting our targets very low.

Mr. Vice-Chairman, today, the system in which we have been operating for the last twenty years is in a crisis. Figures indicate that industrial production has risen high. Figures indicate that agricultural production is on the up-grade. But these figures should not blind us to the fact that the system under which we have been operating is in a deep crisis. The sure indication of a crisis is that it projects before us insoluble problems, situations which lead to dead ends.

Mr. Vice-Chairman, I will give only two examples to indicate that the system in which we have been operating has failed. Take the case of the demand of the Government servants, State employees, for higher wages. With the pittance that they receive it is not possible to make both ends meet. It will not be possible for them and their families and their children to lead a purposeful and healthy life. But then, if their demands are conceded, it will be impossible for the Government of India, or for any State to meet the demand by increasing taxation, or otherwise. So here the system projects an insoluble problem. We have opened technical schools. We have given boys training in engineering and other professions. But today, because they cannot be absorbed by the economic system, we are closing these technical schools. We are reducing the admissions in them, and even in the liberal arts, say, B.A. or M.A., we have been forced to reduce the number of admissions. While the nation requires for its development more of education the system constrains us to limit education and particularly technical education. If proof were needed that the system is in a crisis, these two examples afford irrefutable proof. Therefore we have to think of a new system.

The gods that we have worshipped for the last twenty years have failed us.

We speak of the system of mixed economy but in my opinion mixed economy is but an euphemism for a system of private property and private enterprise. Unless we get out of that, unless we set our targets higher, I am sure we shall not be able to make a success of this scheme.

People talk of giving opportunities to small entrepreneurs. People talk of expending credit to the agricultural sector. But then instead of one Birla or one Dalmia you will be creating 20 diminutive Birlas or 20 diminutive Dalmias. That would be an improvement on the present system but then let us realise that that could not change the essential character of the system. The essential character of the system would remain the same. And what is in crisis? It is the system that is in crisis. And therefore I say we have to set our targets higher. We have to introduce structural changes in the economy and unless we introduce structural changes in the economy in the agricultural sector, in the industrial sector and



[Shri B. K. P. Sinha]

in the region of commerce we will not be able to make this scheme the great success that we desire it to be.

Mr. Vice-Chairman, for the benefit of my Communist friends I would like to quote from Karl Marx. Karl Marx says in his *Das Kapital* :

"The credit system will serve as a powerful lever but only as one element in connection with other great organic revolutions of the mode of production". Lenin repeats the same sentiment in his great article "The Threatening Catastrophe and How to Combat It" an article written on the eve of the overthrow of the Kerensky regime in 1917. When these great masters talk of nationalised banking they had before their eyes the vision of a socialist order and they recognised that nationalised banking can be a successful, can be a beneficial measure only as part of a larger, more powerful and more virile socialist order. Therefore sometimes I feel nervous when people talk only of removing regional imbalances or building up the small entrepreneurs. I again repeat that we must set our targets higher. I do not urge at this stage that by one stroke we should establish a completely socialised or nationalised industrial, agricultural and commercial sector. I know, Mr. Vice-Chairman, democracy, particularly parliamentary democracy, is a very slow moving machine. To take decisions, to implement them, takes time. I do not urge on this Government that in this matter they should count in days or months but nor can we afford to count in terms of decades or centuries. I feel we must register a bold advance towards the establishment of a socialist industrial sector and a socialist agricultural sector. When I think of agriculture I feel that it is not only enough to pump funds in the agricultural sector. The funds should be so pumped, the situation should be so created that in the agricultural sector itself there is greater social control by the Government or by the credit institutions. I am reminded that it has been suggested that ceiling should be enforced. Well and good. I am told in Bengal several lakhs of acres because of the imposition of the ceiling have come into the possession of the State but we must follow this up with a measure of rational consolidation. Instead of distributing this land to small plot-holders we should introduce co-operative system in this land which had

been obtained after the ceiling has been imposed so that we shall be able to inject an element of socialism in the agricultural sector also. Here I am reminded of Poland where they have small holdings but by a judicious system of investment, by a system of contracts with agriculturists, by establishing tractor farms and machinery farms, they have been able to impose a socialist discipline in agricultural sector. I remember to have read some time back that there was a proposal here to establish State tractor and machinery units. I think if that is done, if we take a leaf out of the Polish experience where agriculture is not nationalised, then we shall be doing a great service to this country.

Mr. Vice-Chairman, I welcome whatever has been done so far. I am reminded in this connection of Indonesia and Ghana. Let Indonesia and Ghana be both beacon lights and warning to our leaders and to our Government. In Indonesia they took some bold steps but they failed because after taking those steps their steps began to falter, their hands began to shake. Sukarno thought that by simply introducing political element in the administration without changing the structure of the economy he could be successful but nemesis overtook him. In Ghana also the same history was repeated. Nkrumah took some wise and progressive steps but either because of the compulsions of the system in which he sought to operate or because he did not like to go beyond a certain limit he began to rest on his oars and the result was that there was economic chaos and Ghana also had to revert back to a system which was least calculated to lead it towards a happy and prosperous order. I support this measure in the hope that some great good will come out of this for the country ; I support this measure also in the hope that this is the first step and that this Government and our Prime Minister shall not hesitate or falter in the way but would try to introduce more and more of socialism in the productive machinery, both industrial and agricultural, and also in the commercial sector.

SHRI BHUPESH GUPTA : Only look after your Suhartos.

SHRI B.K.P. SINHA : If these steps are taken I am sure unborn generations will remember the name of our Prime Minister with gratitude.

**THE PRIME MINISTER AND MINISTER OF FINANCE (SHRIMATI INDIRA GANDHI) :** At the moment, Mr. Vice-Chairman, we are more concerned with those who are already born and facing tremendous difficulties all over the country.

This debate in the House has revealed many strange things, the people who support the Bill and why they support it, those who do not support it and the reasons for which they do not support it and many strange arguments, theories and simile have been put forth. Whatever these reasons, I should like to express my gratitude for the general support which hon. Members have extended to this Bill. I have already expressed my thoughts on it here and most of the points which have been made have already been dealt with previously. I should like to remind the House that it was more than a decade ago that Parliament put before the country the goal of a socialist pattern of society. To us, this did not imply ownership of all the means of production by the State ; in fact we did visualise that there should be large areas for the operation of private initiative and enterprise subject always to regulation in the public interest. However socialist pattern of society did impose on us the obligation to bring the strategic areas of our economy under public ownership and control. It meant also that Government had, and has, an obligation to take remedial measures to ensure that our political democracy is not eroded by economic distortions. In every country, including the predominantly capitalist communities, it has been recognised that banks and other financial institutions occupy a vital position. In economies such as ours, which is a developing one and which is seeking to comprise the process of development within the span of a few five-year plans, the role of banks is even more important than in the mature economies. We must stimulate the saving habit amongst all sections of our people, both in the rural and the urban areas. We must see that these savings are garnered and utilised in accordance with the priorities and objectives of our Plans. And in our new Plan on which we have just embarked, we want to, provide greater opportunities for small and new entrepreneurs. We want to ensure that the full potentialities of the agricultural revolution, which under way in many parts of the country, are realised and that the efforts and aspirations of our progressive farmers

are not impeded for want of credit. We want to initiate corrective action against the concentration of economic power and privilege which has come about in the wake of economic development. We cannot deny that the control of the banking system by the bigger business groups was an important contributory factor in the growth of monopolies in the private sector. In spite of all the publicised efficiency of the private banking system over all these years we find that deposits in them constitute only 16 per cent of the national income. I understand—I think this point has been made by other hon. Members—that there are still 13 districts in India where there is not a single banking office and that the major metropolitan centres still account for the bulk of bank deposits and bank credit. Can anyone deny that the development of banking facilities has been lopsided and that banks have not been efficient instruments in the mobilisation of deposits and the provision of credit for worthwhile purposes in different parts of our country ?

I do not want to embark on the virtues or otherwise of the public sector, because I have said a few words on it again this morning. The matter has been mentioned by several hon. Members. I should like to say, however, that in the field of banking, the public sector has a record of which it can be legitimately proud. I see my hon. friend, Shri Babubhai Chinai, here and I would, therefore, . . .

**SHRI ARJUN ARORA :** Shri C. D. Pande is also here.

**SHRIMATI INDIRA GANDHI :** . . . like to say a few words specifically about the State Bank. I think it has shown imagination and initiative in formulating and implementing programmes to finance small-scale industries since 1956. At the end of 1968, the total sanctioned limits for assistance to small scale industrial units by the State Bank and its subsidiaries amounted to Rs. 162 crores. The State Bank also played an important part in providing remittance facilities. In 1969 alone remittances effected through the State Bank on behalf of the co-operative banks which are dispersed throughout the country, amounted to nearly Rs. 700 crores. Also, the State Bank, from the very beginning, looked upon the provision of banking facilities in the rural areas and semi-urban areas to be one of its primary responsibilities. More than 70

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per cent. of the branches opened by the State Bank and its subsidiaries were in towns with a population of less than 25,000. About 60 per cent. of the total number of branches are today located in such smaller places. Also, the State Bank has been a pioneer in introducing several new facilities. Some of these are : travellers' cheques, credit transfers, instalment credit scheme for the benefit of small-scale industries, one-man office and schemes for assisting, for helping qualified technicians, transport operators and retail trade. The State Bank has undertaken these developmental activities without detriment to commercial and banking principles. In the mobilisation of deposits its record compares favourably with other banks. Now, this is where I come to Shri Chinai. In 1968, the State Bank's deposits rose by 12 per cent. and its performance was better than that of other banks. Shri Chinai observed that while the deposits of the State Bank rose only by 84 per cent. during 1960-68, the deposits of the other scheduled banks in the private sector went up by 174 per cent. Now, how has this happened? The statement does not accurately reflect the growth of public deposits in the State Bank, because at the end of December, 1960 the aggregate deposits with the State Bank were Rs. 576 crores, out of which Rs. 241 crores were P.L. 480 funds. The P.L. 480 deposits were subsequently transferred to the Reserve Bank of India over the next two or three years under a phased programme. Therefore, if we exclude the P.L. 480 deposits, the public deposits in the State Bank rose from Rs. 335 crores, i.e., Rs. 576 crores minus Rs. 241 crores, to Rs. 1,061 crores at the end of December, 1968. This reflects a rise of about 200 per cent. During the same period, the deposits of other Indian scheduled banks, rose by about 140 per cent. It is clear that we have allowed the State Bank to function untrammelled, without interference by Government on political or other considerations and I think this should give sufficient assurance to this House and the people at large that the banks which we have taken over will function not as wings of the Government, but as sound business institutions.

There is one point which I would like to make very strongly. It is, that sound business does not mean that credit should be provided only to those who can furnish

security in the form of property and that it should be denied to others even if the projects proposed by them are otherwise credit-worthy. I think that the whole emphasis should shift from credit-worthiness of persons to the credit-worthiness of purpose. Loans which help production and in stimulating employment will now be encouraged, while borrowing for speculation and similar purposes will be discouraged. Today our banks are not well equipped to deal with loan applications on the basis of their viability. Government will take early steps to arrange for intensive training of personnel for technical appraisal of projects and in view of nationalisation it will be possible to pool the resources of the fourteen banks and to promote programmes of training on a common basis.

I have said before and I should like to repeat that nationalisation does not mean that existing industrial enterprises will be deprived of their credit needs for genuine productive purposes. But we are aware of the tendency, on the part of some enterprises, to make heavy demands on bank resources, while their own internal resources are used for other purposes such as cornering shares and acquiring control over other enterprises. These practices, I am sure, the House will agree, must be curbed. May I also emphasise that nationalisation will lead to a more equitable distribution of credit throughout the country. Hon. Members are aware that many areas of our country have remained backward, not for want of natural resources, but for various historical reasons. It is our duty to ensure that their backwardness is not perpetuated for want of finance. Now with nationalisation, it will be possible to draw up a rationalised programme of expansion which will pay special attention to those States and those parts of the country which have so far lagged behind. Institutions providing finance for the development of industries have recently decided to take certain steps to encourage enterprises in backward areas and the nationalised banks must provide working capital and contribute to the growth of industries in these backward regions.

It is unfortunate that even some responsible persons and some even in Parliament should try to create misgivings and a sense of insecurity amongst depositors. I should like to repeat the assurance, if indeed it is needed, at all, that the interests of the depositors will always

be kept in the forefront and they may rest assured that their funds in the nationalised banks are as safe as those in the State Bank of India or in the Post Office Savings Banks. Critics forget that small savers in our country have long been used to putting their money in Post Office Savings Banks for nearly a century, and the State Bank has already more than a decade of loyal service to its credit. I am sure that depositors will not pay heed to the criticism of the self-appointed guardians of their interests. Their true guardian is the Government.

Efficiency and courtesy should be the watchword of our nationalised banks. Special responsibility rests not only on the Government but the employees of the banks including the supervisory and managerial staff. I have no doubt that the professional, managerial staff will rise to the occasion as they now have a unique opportunity to promote the real interests of the community through sincere and dedicated service. I have faith in the innate good sense of the employees of the public sector, and I am sure that this faith will be fully vindicated in their performance in the years to come. May I add that the large numbers who have been coming to see me have of their own accord assured me of their co-operation in this matter?

I should like to request businessmen and industrialists to adopt nationalisation not merely in the spirit of acquiescing in an accomplished fact but of extending their hand of co-operation in developing our economy. May I remind them that Government and they have a vital common interest in accelerating economic growth through progressive and co-ordinated endeavour. There is still considerable room for free play and for initiative and drive in many fields. So, I hope that instead of adopting a purely negative, critical attitude towards the policies of the Government, they will realise their obligation towards society and work with the Government towards the fulfilment of the objectives which are enshrined in our Plan.

The hon. Member sitting opposite to me spoke at some length about the type of people who have been coming to greet me and who have welcomed and applauded this measure of nationalisation. I think that no single measure which the Government has undertaken in recent years has evoked such widespread approval. Farmers, small-scale industrialists, trade

unionists and professional and managerial classes have welcomed it both for its intrinsic merits and for the evidence it affords of Government's concern for social justice and economic growth. Many other people have also been coming. And, if I may say so, the shift, so obvious, between the stand taken by the Jan Sangh in the other House and the stand taken by it in this House, is itself evidence that within these few days even they, isolated as they are from the contemporary world by the cobweb of the past, of the superstition and of communalism, must pay some heed to the upsurge of feeling which they see all around them.

The Swatantra Party's thinking, Sir, we have always thought to be a little twisted, and how twisted it is, has been demonstrated once again. My hon. friend opposite talked of fundamental rights. I would like to ask the House only one question: Is the right of a person to put money into a particular bank equal to, or is it greater than, the right of the common man to basic necessities, which right also is enshrined in our Constitution? We all have rights. We all have needs. But there must be some kind of comparison and balance. Some years ago, when I paid a State visit to the United States, I quoted a proverb which I believe comes from Maharashtra: A man says, "I complained that I had no shoes until I met the man who had no feet". We have to look at the problems of the country from that angle. Nobody wants to deny the rights of any person unless those rights are impinging on the far more valid rights of a far larger number. This is the question which is before us. It may also interest the hon. Member that after I had said that 95 per cent. of the public supported the measure, besides the large numbers of associations, labour, peasants, rikshawallahs, stone-cutters and others who came to me, a large number of people have written or come from the intelligentsia including bankers, editors, depositors, etc., assuring me that they would like to be counted among the 95 per cent. It is for hon. Members to judge whether—I think this point has been made, I cannot remember by whom—chaos is more likely to come because of some slight annoyance or small inconvenience to a few people than from the disturbance and tension which growing disparity might cause among vast numbers of the under privileged in our country.

Some hon. Members here and many people outside have raised the bogey

[Shrimati Indira Gandhi]

of Communism. It is strange to see that Macarthyism which has long been dead in the place of its birth should have now found a foothold across the seas and the continents in India. It goes to show that those who propound this theory have an astounding ignorance of the political forces at work in our country and of the facts of life in the India of 1969. I was astonished to see screaming headlines in some financial newspapers about a speech which I made yesterday or the day before. I said nothing in that speech which I have not been saying for many years—when I was Congress President, after that and before that. I think that this is a very deliberate attempt to distort and misrepresent the thoughts, feelings or sort of views which I was trying to put across to the people who had gathered together. Certainly, I said that many changes have to take place. Is there anybody here who will say that we do not want changes in this country? What are we sitting here for? What are the Government functioning for? It is the business of everyone of us who is responsible, who is at all interested in the welfare of the country to see that the country changes steadily and as fast as possible because the people's impatience is growing. It has already been said, I have said it in this House, that this is a small step we have taken. I do not think it is a giant step or a revolutionary step, but it is a small, very definite step in a particular direction, and what I said there was that if we did not implement this step correctly or if we did not do all the follow-up which was necessary, then this step would be worthless. This is what I said. This is what I believe in. Many things have to be changed in our country. The whole picture of disparity has to be changed. I do not think this has anything to do even with socialism.

This is just good sense. Therefore,  
5 P. M. we should try, and not get swept  
off our feet or like King Canute

try to control the waves believing that if we want the sea to stop at a particular place, it will stop. Here the sea is a mass of human beings, human beings who are politically conscious, human beings who have suffered and struggled for freedom and who today are suffering and struggling for development and to make that freedom real and worthwhile. It is not in the power of hon. Members opposite nor is it in my power to stop this upsurge of public feeling. But we should do everything possible to help them to a better life.

No one can have missed the tremendous psychological change which has come about in this country by this one small step. I do not think that anybody, even the least understanding, even the poorest person, thinks that this is going to change his life suddenly or that it is some miraculous wand which has been waved. They are very conscious that it is not. But they think that at last things are moving. They think that we were in a rut and now we have got out of the rut. How far we move, where we move, that responsibility is still with us. But the people believe that we have been able to push back the forces of inertia and of the *status quo*. Nowhere else is this change of mood and exhilaration more noticeable than in my own party. Congressmen who live at the grass-roots level feel that bank nationalisation is the fulfilment of the larger goals and objectives of our party to which its leaders pledged themselves even in the thick of the struggle for freedom, decades ago. It is an important step forward in keeping with our promise to the people and in keeping with the changing needs of the time. If I may, I should like to quote something :

“I am afraid that for years to come India would be engaged in passing legislations in order to raise the down-trodden, the fallen from the mire into which they have been sunk by the capitalists, by the landlords, by the so-called higher classes. If we are to relieve these people from the mire, then it would be the bounden duty of the national Government of India in order to set its house in order continually to give preference to these people and free them from the burdens under which they are being crushed.”

This is not a Communist speaking, it is Mahatma Gandhi. Some hon. Member, I think my good friend, Shri S. N. Mishra, expressed fears regarding the likely political appointments. Now, ‘politics’ is a word with strange and different meanings. When I was in England a long time ago—I was a student—we heard the phrase ‘the politics of the unpolitical’ which is that any change in the existing state of affairs is considered ‘political’, but if a person sticks to the *status quo* and fights the forces of change, that is considered to be unpolitical. Only the other day, I read a well-known, non-Communist liberal British journal. In it there was a description of the typical double standard which exists. It said that radical rules are

called doctrinaire meddling while *status quo* right-wing rules are supposed to be the free man's common sense. Similar confused thinking seems to persist in our country also.

Sir, bank nationalisation. . . I see that my friend, Mr. Bhupesh Gupta, is smiling from there. He gave a long speech but only the very final point had any relevance to the Bill which we are considering or even to bank nationalisation. Anyway, bank nationalisation, as I have said earlier, is but a part though a significant part, of our larger programme. May I say, to refute the headlines which have been appearing in the newspapers, that there is no mystery or hidden surprise about our future programme? Our policies and our programmes have always been an open book, before the people. The broad socialist objectives which my party seeks to serve and which we have placed before Parliament have been approved by Parliament. The nationalisation of banks was intended to serve the same goal. Other aspects of our programme have been incorporated in our Plans and in the economic policy which our great party has approved. They were summed up recently in a resolution adopted unanimously by my party in Bangalore. There are other items in the programme; they have to be studied in depth. Today we have taken one step. We have to see that it is properly, rightly implemented. We shall certainly look at the other programmes which the party has approved. But what is needed at this moment is a new sense of urgency, a new sense of dynamism, a new sense of dedication and of service. Let us make this the occasion. After a long time we have such a large commitment to this programme with support from every political party, with the exception of two, and from the country at large. This can form the basis for our co-operation in taking our country in this direction which not at once, but certainly step by step, will take us out of the present stagnation, will take us towards a better and brighter future.

With these words, Sir, I should like the House to reject the motion of the hon. Member opposite and to give its full support to the Bill for bank nationalisation which is a right measure enthusiastically welcomed by the country as a whole.

**SHRI DAHYABAHAI V. PATEL :**  
Mr. Bhupesh Gupta, what are you doing? You have been welcomed.

**DR. BHAI MAHAVIR (Delhi) :** Mr. Vice-Chairman, Sir, I would like to thank the hon. Prime Minister for the very left-handed compliment that she has given to our party. In spite of our being communalist and superstitious, she seems to see some sign of our thinking in a rational way on this Bill. I hope that she understands that there are superstitions and superstitions and there are not only those superstitions which we harbour, she also has certain superstitions of her own. In this respect, nationalisation may not turn out to be a superstition, it may not achieve the objectives which she so eloquently has tried to plead for this afternoon here.

My submission is that on an issue like this where cool and patient thought ought to have been given to all the implications, what the steps would mean, what they will require, what they will call for, instead of that thought being given, the manner in which has been sought to be done is something which has created more excitement, more political controversy and less of realistic economic appraisal. The situation is that the Prime Minister claims that there have been certain objectives before us for a decade. Of course, there have been certain eternal truths which have been there before us for decades, for ages. But then the truth suddenly dawned on her one fine morning after a decade when she got dictated some stray thoughts and these stray thoughts went to Bangalore. I do not see, when there was no idea of the nationalisation of these 14 leading commercial banks in the note which she dictated and which was debated or discussed at Bangalore, how it is that it is being claimed that they have been consistent for more than a decade in the policies that they were pursuing. My submission is that the discussion at Bangalore—and if this House can recall, the discussion that was held in February at the time when the Social Central Bill was introduced and passed, the Prime Minister and the Deputy Prime Minister had much to say in favour of the experiment of social control on banks.

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

It was said that the objectives which we have in view will be achieved through this type of control over these banks. Even in this particular note from which this whole story started, the Prime Minister only referred to one of the two possibilities, the possibility of nationalising five

[Dr. Bhai Mahavir]

leading banks. How from five she jumped to 14 is a story which most of us are today familiar with. (*Interruption by Shri Sheel Bhadra Yajee*). We know, for example, the two alternatives, strict social control or nationalisation. But the situation that arose was one in which there was a Presidential candidate being forced on the Prime Minister whom she could not accept, and because of that compulsion there was no alternative left, perhaps, for the Prime Minister or, for that matter, no alternative would have been left for any person, highly self-conscious, highly strong-willed, highly sensitive, but to react. And she has reacted and we know that this is where her stray thoughts led her and are leading the country.

I am not talking just now on the Bill as such. I am at the moment talking of the manner in which the Bill originated. The Ordinance was issued just 40 hours before this Parliament was to meet, signed by a President who was on the verge of quitting, handing over charge, signed by him, and if the rumours are correct, even drafted not by the people of the Finance Ministry but by some people outside the Government hierarchy.

Mr. Vice-Chairman, in this situation, the Prime Minister can have the pleasure of ridiculing some of the Opposition points that have been raised and still holding fast to what I would call her superstition that mere nationalisation is a panacea for all ills. Mere nationalisation is not a panacea for all ills. Nationalisation can be useful and sometimes nationalisation may not be useful. All this is to be considered, all this is to be judged, all this is to be weighed. But my concern is that there has been no opportunity provided by the Government for all the pros and cons to be considered, for all the points in favour and against to be measured and then a consensus or a decision arrived at where the country takes a step forward.

Here a step has been taken in the interest of our under political compulsion, not only under political, ideological or doctrinaire compulsions but compulsions dictated by factions within the ruling party. And now certain demonstrations are being stage-managed and it is being said that there has been such a spontaneous atmosphere and enthusiasm in the country. Some people who go to the Prime Minister's house, I wonder

whether they know what a bank is, whether they have seen a bank. But they have been raising slogans which have been doled out to them or which they have been asked to repeat for the pleasure and flattery of the Prime Minister.

Our friend from the Congress side, Mr. B. K. P. Sinha, earlier was kind enough to have interestingly referred to Dr. Nkrumah and Dr. Soekarno while placing before the Prime Minister the example which she could follow. I hope she learns from the example of Dr. Soekarno what type of friends he had and how they let him down. I hope the friends she has at this moment, in this particular case, will not do to her what the friends of Dr. Soekarno did to him in respect of Indonesia, and I hope also that this country will be saved of the fate which came upon Indonesia because of the conspiracy of the Communist Party there.

Sir, my submission, therefore, is that the whole thing has been taken up in an atmosphere surcharged with political passion, political excitement. I would like, nevertheless, to place before you some of the facts which I consider relevant and which should be weighed by this honourable House before a decision is taken on this important measure.

Sir, nobody here has put forward a case why banks should be nationalised. I would like to know if this House or any Member thereof . . .

श्री शीलभद्र याजी (बिहार) : वीस वर्ष से हम यह चिल्ला रहे हैं कि बैंक का नेशनलाइजेशन हो।

डा० भाई महावीर : आप तशरीफ रखिये। बीच में इंटरुप्ट करना हम को भी आता है। मैं भी प्राइम मिनिस्टर को इंटरुप्ट कर सकता था, लेकिन यह हमारी शराफत है कि हम ने उनको इंटरुप्ट नहीं किया। आप जरा शांत रहिये।

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : You address me Dr. Mahavir.

DR. BHAI MAHAVIR : If you cannot save me from his interruptions I have to save myself.

(Interruption by Shri Sheel Bhadra  
Tajee)

THE VICE-CHAIRMAN (SHRI  
AKBAR ALI KHAN) : Order, order.

DR. BHAI MAHAVIR : My question, therefore, is that this is a matter which should have been discussed in a calm and dispassionate manner and all the pros and cons should have been weighed.

Certain points have been raised in favour of nationalisation which I would call governmentalisation. It is not nationalisation. After all, everything that is done in this country is part of the nation. But now the Government has taken control of all important institutions of banking. So this governmentisation of important banks has been resorted to, firstly, because it is said that they did not finance agriculture. Of course, it is true that not more than 2 per cent. of the advances have gone to agriculture of the commercial banks in this country. But we should also remember that these advances which have gone to agriculture, to them we can add some of the advances which have gone to agriculture based industries like sugar cane, cotton or ginning mills, oil crushing mills and so on. Then, these banks have also been purchasing debentures and land mortgage banks have gone indirectly for the financing of agriculture. But even then if this angle is there, certainly, one has to admit that 2 per cent. of a sector which contributes 50 per cent. of our national income is not a share which should be considered sufficient. Then, what is the reason thereof? The reason thereof is that hitherto the Government and all thinking people in this country believe that financing of agriculture was a specialised sector and it was not for the commercial banks to meddle in it. And because of this when in 1904 the first Co-operative Societies Act was passed the slogan that became popular was "Find Rasseisen". Rasseisen was the man who established co-operative credit societies in Europe. All such co-operative credit societies were considered to be the only means holding the key to the problems of agriculturists in respect of credit.

Then as late as 1950, when the Rural Banking Enquiry Committee under Sir Purushottamdas Thakurdas was appointed, a rural credit survey was conducted by the Reserve Bank and the Committee on Co-operation was appointed under

the chairmanship of Shri V. L. Mehta in 1960. All these bodies went into the question and gave the considered opinion that commercial banks were not suitable for agricultural financing. Only recently have the Government and the people had some rethinking and they have come to different conclusions. But then is it the fault of commercial banks alone? Can we blame the commercial banks and can we justify the step that we are taking on this matter alone? I would suggest that even the Government ignored or neglected agriculture as a sector in the Second Plan itself. I remember, for example, soon after the First Plan was over, the Prime Minister of India had declared that after three years no grain of food would be imported from outside. But the next year we had record imports of foodgrains from outside. That was in spite of improvement in agriculture because of natural factors. If our leaders, if our Government, could not foresee a couple of years ahead and food production was a term which they had coined, it is natural for all other people also to think in the same line. When the Government itself was not expecting commercial banks to go in for agricultural credit, well, it is hard and unfair, it is unrealistic, it is only trying to find an excuse for taking such a step. Take the step by all means. But then give arguments which are cogent, which can be tested in respect of their correctness. I do not find this argument can hold much water. Then, it is being said that the small industries are not being financed by the commercial banks. I might say in the beginning here that I am not for all the practices that have been followed by commercial banks, I know there have been failures. I know there is a pretty good deal of undesirable and improper activity going on. But then we are not here only to say what the commercial banks are doing. We are here to judge the Bill, whether this measure which the Government contemplates will, do away with the evils that are there, or which can be supposed to be there, and whether we will have a new dawn a new order, in which the heavens will descend on this Earth. This is what we are to ask ourselves. Now, between June 1960 and March 1966, the loans given to small industries by commercial banks, I find, increased by 333 per cent. during these six years. And even then you see that in June 1966, not all the loans that were sanctioned to the small industries had been utilised. Something like 41



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per cent. of the loans sanctioned were remaining unutilised, because naturally small industries cannot grow merely through credit facilities

There are other difficulties also and some of those difficulties are only for the Government to solve. They cannot merely be washed away. If a small industry is to be set up in a city like Delhi where the Central Government is sitting, where all the departments are concentrated in a small area, the person who wants to start the small industry will take at least two years for getting all the formalities completed and fulfilling the various requirements of the various departments of the Government. Does the Government not realise that the red-tapism, delay, inefficiency and corruption of the bureaucratic machinery is holding up the growth of small industries? That the small-scale industry sector is not able to utilise the credit facilities offered to it is something which should set us thinking in some other directions also.

There has been a charge that these banks gave large loans to their own directors. In 15 large private banks at the end of 1966, Rs 50 crores of loans had been made available to their directors or the companies in which they were interested. That comes to 3.4 per cent of the total advances made by them. Now, when we claim that by nationalisation this can be reduced, we should be able to prove it on the basis of facts and figures. There is an occasion for comparison. We have got the State Bank of India, a nationalised bank. We have got the Life Insurance Corporation. We have got the Unit Trust of India. And we have got other Government financing agencies. Let us look at their record and let us indicate this is the way in which nationalised or governmentalised institutions should behave, in a better manner than the commercial institutions have been behaving. So, here I am quoting some figures to show how the State Bank of India stands in this respect. On the 31st December, 1966, advances to the directors or the companies in which the directors were interested amounted to Rs. 130 crores, which is 2.4 per cent. of the total advances given by the State Bank of India. Now, all this is under the careful, critical scrutiny of the Reserve Bank. And if the Reserve

Bank permits this and something like 3.4 per cent. of the advances were given to the directors in the case of the commercial banks, well, I do not think we can base our theory on this argument.

There has been interlocking of banks and company directorships. The Companies Act permits 20 directorships to an individual. In order to check interlocking of directorships, the maximum limit of directorships a person is permitted to hold is 20. We find here that the average in the case of commercial banks was 8.16, one director was holding 8 directorships in various companies. But if you take the directors of the State Bank of India, the average comes to 9. It is more than the average of the other commercial banks and not in any way less. We have not been able to solve the problem of reduction in interlocking directorships in respect of these institutions which we completely control.

Now I would like to come to investment in Government and approved securities. I have got figures here of investments made in Government and approved securities as a percentage of deposits, for two years 1967 and 1968. My figures are as on the 31st December. All banks, excluding the State Bank of India, had invested 29.2 per cent. of their deposits in Government and approved securities in 1967. In 1968 they had invested 24.07 per cent. In 1967 the State Bank of India, for the purpose of comparison, had invested 27.7 per cent. of its deposits in such securities. In 1968, they had invested 26.7 per cent. Now, I do not find there is much of a difference between the two. If anything, the difference is merely the difference between tweedledom and tweedledee. And this is sought to be made the main reason or main ground for which the Government is going to undertake all this heavy burden of managing and running the banking institutions of the country. I do not know whether that step could be considered wise. It has been called bold. It could well be considered rash. It has been called courageous. It could well have been termed reckless. I would not like merely to use adjectives as has been sought to be done here. I would only like to place facts and I would like facts to speak for themselves.

Then, there is another aspect of the question and that aspect is the question of the Life Insurance Corporation. When

life insurance was nationalised our Communist friends here and the fellow travellers and also people who out of conviction—I do not blame everybody to be a doctrinaire or a faddist—believed that it would bring about some improvement, welcomed it. I would like to ask these gentlemen what the experience of the Life Insurance Corporation is. Only the other day I put it before the Prime Minister, but I could not get a reply because the Question Hour was over. Now, in 1954, when the insurance companies had not been nationalised, they reduced their premium rates by 12 to 15 per cent. In 1956, when life insurance was nationalised and the Life Insurance Corporation came into being, it was felt that some sort of a gesture should be made in the form of a reduction in premium rates. And what was the gesture that was made? One rupee per thousand was the reduction given in a blank manner. No logic was used, no reasoning was applied, no rational considerations were given and simply a reduction of one rupee per thousand for all types of policies was given. A person who was on the verge of retirement was given one rupee per thousand as benefit and others also were given the same reduction. It was an irrational and unscientific basis. To-day the major fact is that the profit of the Life Insurance Corporation is coming because of the high level of mortality which they keep for the purpose of calculation of premium rates. I shall quote from the Sixth Valuation Report of the L. I. C., it says :

“During the inter-valuation period, the actual death strain under whole life and endowment plans was 43 per cent. of the expected death strain on the basis of mortality table used in the valuation.”

What it means is that if, according to the table on which the premium rates are calculated, they consider 100 as the mortality figure, actually only 43 people are dying and so 57 per cent excess is charged by the L. I. C. This is a nationalised institution. It is under the control of the Government. I want to ask the Prime Minister, and I would put it to the House also : When you claim that all this is being done for the small man and when small men constitute the vast majority in the L. I. C., if you reduce the premium rates the benefit will go to the small man. But years are passing and they are not able to take a decision. We are told that the L. I. C.

has examined it ; the Actuaries Committee has considered it ; another body is examining it ; then the Government will consider it. I would like to put it to the House that if there had been competition, if instead of one monolithic nationalised institution in the form of the L. I. C., there had been various companies, long ago the premium rates would have come down because in competition, they would have tried to offer better terms, lower the premium rates by way of incentive, give better service conditions and better offerings in the form of more convenience. But here when it is nationalised, competition goes and there is nothing left for the officer to bother about. He becomes a bureaucrat. He becomes a man who will not bother about the people who come to see him. He merely sits with this legs stretched on his table and he never bothers about the people coming to see him.

What is the effect of this nationalisation on the workers? I would like to put this question to my friends here who are so much enthusiastic about the Government taking over everything. What will it mean to the workers? Will this nationalisation of banks mean more rights for the workers or will it curtail their rights? I would like this to be considered. What it will ultimately mean is that all the employees who were up till now bargaining with small employers, with small boards of directors, will henceforward be pitted against a monolithic State monopoly in the form of one joint employer which is more lifeless than a machine and which is incomparably stronger than the previous employers. The workers would find it much harder to bring down this Government. I would remind our friends of the strike very recently in the State Bank of India, the experience there of and the way that strike had to be recalled in deference to the wishes of the people. The employees could not succeed. Had there been a small concern, a private company, our Ministers and everybody else, our leaders, right from top to bottom would have gone and they would have brought pressure on the management boards and the employees would have got some of their demands conceded. But what has happened is an eye-opener. I would also like to cite the incidents at the Indraprastha Bhavan on the 19th September, 1968. The Indraprastha Bhavan incidents are standing monuments to the heartlessness of the

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Government as an employer. What is the Government behaving like ? Is it behaving like a model employer ? Is it looking after the interests of its employees ? No, certainly not. It is not doing it. And when it is not doing it, I would like to point out that those people who supported the L.I.C. nationalisation, the communist friends, they have had to wage a constant war against the management of the L.I.C. for the benefits of its employees. When that is a fact, can we merely believe that because the L.I.C. has been nationalised, its workers must be very happy ? This is one of the superstitions which the Prime Minister and others should get themselves rid of. I would also like to say that if the Government comes out with an undertaking that when the banks are taken over, the best grades will be given to all the employees—the Bank of India's grades are better than those of certain other banks—and if the Government is prepared to give such a commitment here and now, then, I would welcome it and I would in fact urge that they must say that there will be uniform pay-scales and service conditions and none of the employees will be brought down from where he stands. If the Government does this, at least there will be one consolation that the workers will be more happy.

Then, Sir, how is it that a few months ago the Government, in spite of great opposition from here and from our Young Turks and others also, passed that Section 36AD of the Banking Laws (Amendment) Act in which the right to strike was taken away ? Is that right to be restored to the workers now or not ? I would like to say this point again because all this depends much on the claims which the being placed before us by the Government. Further I may say that today industrial relations in public sector undertakings are in a bad shape and much remains to be done in this respect ? What is our experience in respect of nationalisation in general, Sir ? There is monopoly. There is delay. There is red-tapism. There is inefficiency. The small man is not benefited. Is that not the experience of the Government's financial agencies ? My friend, Mr. Chandra Shekhar, is not here. He has fought a herculean battle for the purpose of bringing some benefit to the poor man, to the small man. But what a find here is that he has not succeeded very much. We have been struggling there. We have been fighting

here for the investment figures of the L.I.C. to be disclosed. But the L.I.C. is not prepared to give out the figures of investment and the joint value of different shares it holds at any time. When that is not done, our fear is—and it is not my fear alone and I know that information which I have got just now is correct—that the L.I.C. is responsible not for removing the disparities, but the L.I.C. has promoted the disparities in this country. It lends to big business houses in big lumps, 50 lakhs, 60 lakhs, 70 lakhs of rupees. Small borrower cannot borrow those amounts and the big borrowers come in. Had there been small companies they would have been in touch with a larger number of small industrialists who borrow 2 lakhs, 3 lakhs, 4 lakhs, 5 lakhs or 10 lakhs of rupees. Such loans could have been advanced to them. But the L. I. C. mops up the savings of the small people of the country, and then, loans it to whom ? The Birlas' securities are greater and greater than the small soap manufacturers. The L.I.C. will say to the small manufacturer, "Look you are here in possession of property worth only a small amount, only 1 lakh or 2 lakhs or 10 lakhs of rupees while we have people the value of whose property is Rs. 3 crores, Rs. 5 crores and Rs. 10 crores. And how can we consider you to be deserving to get out loan ?" Therefore, it is because of this that the loan money which is mopped up in the form of savings from the whole country is poured into the hands of the big business houses, and the disparities increase.

[THE DEPUTY CHAIRMAN in the Chair]

These disparities are not only. . .

(Time bell rings)

श्री पीतांबर दास : मैं यह निवेदन करना चाहता था कि जिस समय मैंने अपना डिसेम्बर का रेजोल्यूशन मूव किया था तब समय के लिहाज से मैंने काफी इस बात का ध्यान रखा था कि डा० भाई महावीर बोलने वाले हैं और फिर मेरा राइट आफ रिप्लाई भी होगा। आप चाहें तो यह समय मेरे टाइम में से काट लीजियेगा लेकिन इस समय उन को बोल लेने दीजिए। और फिर चार घंटे में से कुछ तो पार्टी का टाइम होगा।

उपसभापति : आप कितना बोले हैं ?

DR. BHAI MAHAVIR : I am making my points very swiftly and I am covering my points . . .

THE DEPUTY CHAIRMAN : At what time did you begin ?

SHRI PITAMBER DAS : If you find it interesting and if you feel it is informative, you can allow him; otherwise, not.

THE DEPUTY CHAIRMAN : He began at 5.08.

DR. BHAI MAHAVIR : Madam, not many Members are going to present these points. Generally they are going to present either approbation or flattery.

THE DEPUTY CHAIRMAN : I have just been advised that the Jan Sangh has been allotted 32 minutes and Dr. Mahavir has taken near about half an hour. I want to know how much more time does he want.

DR. BHAI MAHAVIR : I will finish as early as I can. I am not going to waste time.

THE DEPUTY CHAIRMAN : Ten minutes more.

DR. BHAI MAHAVIR : I will try to finish . . .

SHRI G. RAMACHANDRAN (Nominated) : Madam, if you give more time to somebody, you take that time from some others. That must never be forgotten.

THE DEPUTY CHAIRMAN : I agree with you that everybody should keep this time-limit. Mr. Rajnarain, you must take note of it.

DR. BHAI MAHAVIR : Madam, it is my very considered submission that the L.I.C. has not been helpful in reducing the disparities of wealth or economic power or concentration of power. It has added to that disparity. Therefore, that is the reason why the investment figures are not published. I would request the Government to come out with the investment figures at least now because at this stage we are told that these are the benefits of nationalisation, that the small man will get these benefits, that other people will

get these benefits. At this time we should know all that. In fact I wanted to say that the whole thing should have been given calm consideration. One man who could have told us something about the nationalisation of banks is Mr. Iengar, a former Governor of the Reserve Bank. He has written two articles. I would like to refer to them for your information.

SHRI ARJUN ARORA : He is an employee of the private sector.

THE DEPUTY CHAIRMAN : Mr. Arora, please do not interrupt him.

DR. BHAI MAHAVIR : All right, he is an employee of the private sector. But he was a former Governor of the Reserve Bank. He occupied the highest position in our monetary hierarchy. He has given certain facts. If you read these articles he tells us :

"The whole approach of the Government and of the Reserve Bank was that the handling of credit to the farmer required special institutions and that the most appropriate institutions were cooperative societies and co-operative banks."

Similarly, Madam, there are certain other things which need to be told. I was happy to learn from the Prime Minister that she wishes to revise the concept of security. She wants security to be considered not only in terms of the man taking the loan, but in terms of his objective. I would like to ask the hon. Law Minister who is present here whether it is not a fact that the L.I.C. does not have any machinery today to check whether or not the funds which are given are actually utilised for the purpose for which they have been given. Debentures are issued. The L.I.C. invests in those debentures but there is no machinery to check whether the debentures are utilised for the purpose intended. Do they make sure also when they put money in the debentures, whether there is any contribution from the those companies towards that industry or whether all the profits that it is earning are spent on more lucrative business and cheap loans are taken from the L.I.C. just to supplement their business empire ? What is happening is that the L.I.C. is not only adding to the disparity in income distribution, it is also adding to the disparity in regional development. I have figures of the money collected in the form of actual business and the investment figure

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in various zones. There is the northern zone consisting of Haryana, Himachal Pradesh, Jammu and Kashmir, Delhi, Punjab, Rajasthan and U.P.—relatively under-developed States and in these States, Delhi is the only State which could be considered to be more developed than the rest. Here something like 23.92 is the percentage of the money collected in the form of premia from the people and the investment is 15.68, which means the balance goes in favour of some other zone. What is that? It is the eastern zone comprising Bihar, Orissa and Bengal where some of the heavy plants are located and the public sector undertakings are all concentrated. The money collected there is 19.56 % but the investment is 28.96 %. I need not say anything more on this than to point out that the regional imbalance instead of being reduced, is being accentuated because of the policy of the L.I.C. and there is nobody to question it because it is a monopoly of the State. They will not give information. The Government has never been able to satisfy us with investment figures and they are not published. They are not secret documents. Anybody can go and find out from the various registrars' offices in the different States all the facts about investments of the L.I.C. in respect of the shares of the different companies but the Government is not prepared to give us in a compiled form. So I feel that the L.I.C. is not doing what these banks, it is claimed, will do in the form of reducing regional imbalance or disparity in income. We have only to refer to the Fourth Plan where it has been officially admitted that most Government financing institutions, even the co-operative banks, have been beneficial only to the rich people. The small man has not been able to benefit from them. The reason is that when we take power in our own hands, I am surprised to find that those who have been fighting against monopolies are the strongest supporters of the Government forming a monopoly in banks and when the Government forms a monopoly, do they hope that everything will be fair as in a fairyland or in heaven? I do not think that hope can be supported on the basis of the experience of the various institutions. Here what we find is, even in the co-operative banks and agricultural financing institutions, all the benefit goes to the big man, to the man who can establish some rapport with the Minister or the high-ups or the party boss. That will be the con-

sideration here also. The same man will be administering these banks also. I would like the Government to tell us in how many cases the L.I.C. has under-written values of debentures or share issues below Rs. 3 lakhs? I know and have figures but time does not permit me to go into all that. I would like also to ask whether the supporters of the Government forget that there is corruption also. If they talk of corruption in the private sector, there is corruption in public sector also. I hope the Prime Minister remembers and the Law Minister remembers the Mundhra deal and it was in the public sector. Mr. Feroz Gandhi was the person who brought it before the House but then there comes the question of how many Mundhras lie even today in the cupboards of the L.I.C. undiscovered, unseen by the people? Therefore I ask this question. There is corruption in the Super Bazaar. There is corruption in many places which I need not refer to here. So mere taking over of the institution by the Government is not the panacea. It is not a 'Ramabhan' for everything. It is something which calls for better character, better social order and dedication among the employees of the Government. This is something which is lacking in the Government circles right from the highest to the lowest and so it is not easy to claim or hope that everything will be all right. Accountability is the question. To whom will they be accountable? Will the Parliament be able to supervise and effectively control? If not, we are only changing masters and placing new bosses in the places of the old ones and the people who will benefit will be those who can have some strings pulled or who can have relations with the bosses. That will not solve the country's problem or the problem of the downtrodden people.

I will give one example of the West Bengal Finance Corporation. I would like the Minister to verify it if he likes. There was a loan of Rs. 10 lakhs to the Singhania on first mortgage and they sought permission for a second mortgage also. That was refused by the Corporation. In spite of that refusal the Singhania went in for a second mortgage. When this information was received by the Corporation, the Corporation did not have the courage to recall the loan. They tried to regularise it. I know personally of several cases where when a small man did those things, the loan was recalled. You can apply your guillotin to a small

man but you do not have the courage to apply it to the big man. That is how in our democracy our political parties are functioning.

If figures are placed before you about the investments of the L.I.C., the I.F.C., the U.T.I., I.C.I.C.I., you would find that there has been a great addition to dispartity because of the financing policies of these institutions and a good percentage of money secured from the small zones is being given for the benefit of the big concerns which arrange to get loans.

To-day the managers of these banks are happy, because till now the responsibility was on them to secure more money and to welcome the depositors. They were offering good terms. Whenever a person went, at least they offered the person seat and courtesy but now they have started thinking otherwise. I know of some managers who say : 'Now we feel very relieved. There is none whom we will have to obey. If a person comes, let him come or not.' They are small banks that are envying the managers of big banks because they feel they will be under pressure to expand their business. Then there will be red-tape. The officials of the Government will try to delay things. No decision will be taken. Wherever there is the slightest chance of a decision going wrong, they will always try to defer decisions and put it off on somebody else. The result will be, where a particular concern needs money urgently, no decision will be taken and time will be allow to pass. I remember a small story. A building caught fire. They sent for the fire brigade. Because there was so much of red-tape, the fire brigade did not come in time. The building got gutted and a new building had come up there but because they had orders the fire brigade after six months and the new building was given a good wash because they had the orders to do it. That is the way they will function. Then there is no fixation of officers' salaries who go on deputation. I personally know of many cases. An officer comes on deputation. Two years pass and his salary is not fixed and he cannot get his monthly salary. He has to borrow money from friends for meeting his needs.

Then it has been said that there will be no competition. I hope the Government will see to it that after they take this over—they are bent on it and they will do

it—that the banks remain independent as in the case of Italy or France where they keep on giving different terms to customers so that even under Government control they work as independent units and thereby they offer competitive terms to the customers.

THE DEPUTY CHAIRMAN : That will do now. Please conclude.

DR. BHAI MAHAVIR : The last danger is that political patronage becomes an important thing here. Directorships or other offices in banks will be given on political considerations, and this fear has been voiced from the other side also. It will become a sanctuary for the Ministers defeated in elections. It will become a sanatorium for the victims of political shocks here and there. This is the big danger. This is the danger to which my friend here has also called attention.

THE DEPUTY CHAIRMAN : No more. Please take your seat.

DR. BHAI MAHAVIR : I would like to have a final word. Mr. Bhupesh Gupta was given much more time and he went on speaking saying every time 'finally' 'finally' and thus took much more time than I have taken now.

THE DEPUTY CHAIRMAN : You have taken about forty-five minutes and you should be satisfied with it. I will guillotine the speeches now. Mrs. Raja-gopalan.

SHRI ARJUN ARORA : You are making a mistake. I am waiting to be called to speak.

SHRI DAHYABHAI V. PATEL : You say you will guillotine the speeches, Madam. This is very unfair to my party. I have not exhausted my party's quota; I have left time and that my party Members should get.

THE DEPUTY CHAIRMAN : You have got twenty-five minutes more.

SHRI DAHYABHAI V. PATEL : I have spoken and I have left time for a second speaker of my party. He is not being given the time as you say you will apply the guillotine.

THE DEPUTY CHAIRMAN : You have got the time. Your Swatantra Party alone has twenty-five minutes left. The

[The Deputy Chairman]

other parties have consumed their time, more than their time, I know, but you will get your time.

Now I want to tell the House that we have to sit long enough today to finish the consideration stage. After the Law Minister's reply to the speeches made I shall put the Motion for consideration to vote. Tomorrow we shall take up the clause by clause consideration of the Bill and also take up the amendments to the clauses. Here I have the list of speakers yet to speak. If each and everyone wants to speak, let him. You may sit as long as you like but the consideration stage must be over today; it must be finished today. If this is the intention of the House, then we shall go on.

SHRI S. S. MARISWAMY : No, tomorrow.

THE DEPUTY CHAIRMAN : Consideration of the Bill must be finished today and tomorrow we take up the clauses and the amendments.

SHRI PITAMBER DAS : Just a small point; it is not only the Law Minister, I have also to reply because my Resolution and the Motion for consideration have been connected up; they go side by side.

THE DEPUTY CHAIRMAN : So, you have to reply; he has to reply. I forgot the Resolution when I said that minister will reply. Mrs. Rajagopalan.

SHRI ARJUN ARORA : You have made a mistake. You should have called me.

THE DEPUTY CHAIRMAN : Have I made a mistake? Well, I shall call you. I have called Mrs. Rajagopalan. Mrs. Rajagopalan, you have to keep within your time limit of ten minutes.

SHRIMATI LALITHA (RAJAGOPALAN) (Tamil Nadu) : I always keep to my time limit, Madam Deputy Chairman.

At the outset I congratulate the Government, and the Prime Minister particularly, for the bold and right step taken in the nationalisation of fourteen major banks. There was an impression that the Government was only making lip propaganda and was not serious about the major issues concerning the welfare of the country and the people. The Government has dispelled this fear by this historic measure and

clearly proved that the Government has really good intentions and is for the welfare of the downtrodden people and the development of the backward areas.

Madam, as far as the nationalisation of banks is concerned, as has already been mentioned by many Members, it is nothing new, because they have been experimenting it by making the Imperial Bank of India the State Bank of India. Also the LIC is a standing example of nationalisation. And what is the reason for nationalisation of banks? Of course the Government has realised rather late that the economic structure of the country has been such that the monopolists with the concentration of economic power in a few hands and they were ransacking the entire country for their own benefit and not for the country's benefit. So, for economic stability and for curbing monopoly it was essential that financial institutions should work properly so that the benefit is reaped by all including the weaker sections of the community.

Madam, I would just like to say before I go to the Bill that as soon as the Ordinance was promulgated the Prime Minister made a broadcast to the nation in which she said, "I should like to assure all sections of industry and trade that legitimate needs for credit will be safeguarded. Indeed, it shall be our endeavour to ensure that bank credit expands on the basis of genuine savings in keeping with the growing needs of all productive sectors of the economy." I hope this will be the guiding line for the industry and the economic growth of the country, and there will be proper distribution of the finances of the nationalised banks." I hope this would be the guide line as far as industry and trade are concerned.

Then, Madam, coming to the Bill, in Chapter II about the banks that have branches outside India it says that the "chief executive officer for the time being of the corresponding new bank may exercise all powers and do all such acts and things as may be exercised or done by the existing bank for the purpose of effectively transferring such assets and discharging such liabilities." Thus the executive officer is given all the powers to deal with these branches. But in the same Chapter on page 4 it says :

"Nothing in this Act shall be construed as applying to the assets, rights, powers, authorities and privileges and property movable and immovable, cash balances

and investments in any country outside India (and other rights and interests arising out of such property) of any existing bank operating in that country if, under the laws in force in that country, it is not permissible for a banking company, owned or controlled by Government to carry on the business of banking there."

So this clearly shows that this kind of thing cannot be implemented, in such countries where it is not permissible. I want a clarification as we have no intention of nationalising foreign banks or whatever bank branches we have in foreign countries. So I would like to know what the Government is going to do about this sub-clause (7) which does not go well with sub-clause (2) in which the chief executive officer is given all powers. I want a clarification from the Law Minister.

As for compensation Mr. Dahyabhai Patel was very much worried what will happen. He said, "I do not know in what way they are going to give compensation and what will happen to deposits," and all that. But Chapter III very clearly says in Clause 6 that there will be interim payment and "it shall pay to the existing bank by a cheque drawn on the Reserve Bank." I am sure Mr. Dahyabhai Patel has confidence in the cheques drawn on the Reserve Bank.

Madam, in the same Chapter it says about the constitution of the Tribunal, and I am very happy that the Chairman of a Tribunal shall be a Judge of a High Court or of the Supreme Court. It also contains a specialist in banking and a Chartered Accountant. It also takes somebody who knows about this compensation matter.

[THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) in the Chair.]

Mr. Vice-Chairman, about the Custodian of the bank it says that the existing Custodian shall be the Custodian of the corresponding new bank and the Custodian shall hold office during the pleasure of the Central Government. This is all a very vague thing. I would like to know whether the Custodians have any specific term of office or what the terms and conditions of their appointments are. I would like to know this from the hon. Minister.

Then, Mr. Vice-Chairman, in the same Chapter it says about the Advisory Board and the Board of Directors. I am very happy that the Advisory Board and the executive Board contain representatives of depositors, employees, farmers, workers, artisans and everybody who are to be elected or nominated according to the scheme made under subsection (1) of proposed section 13. At the same time I would like to bring to the notice of the Law Minister that the President of the All India Bank Employees Association has suggested that the nationalised banks should have representatives on them from each State so that they may guide these banks in formulating their policy in keeping with the special needs of the State in mind. This is a good suggestion and it is left to the Law Minister whether this could be considered by the Government.

I also feel that the Reserve Bank should have full control and vigilance over the nationalised banks for the time being so that you ensure what procedures and other measures should be adopted and how the banking system should be run on a sound basis.

6 P.M.

I am happy that in Chapter V it says :

"Every corresponding new bank shall cause its books to be closed and balanced on the 31st day of December of each year and shall appoint, with the previous approval of the Reserve Bank, auditors for the audit of its accounts."

I am also happy to find what is said on page 15 :

"If any difficulty arises in giving effect to the provisions of this Act, the Central Government may make such order, not inconsistent with the provisions of this Act, as may appear to it to be necessary for the purpose of removing the difficulty :

Provided that no such power shall be exercised after the expiry of a period of two years from the commencement of this Act."

I would like the Government to consider all the suggestions made by hon. Members and if there are any loopholes or if there is any difficulty they should see that proper steps are taken within the prescribed period.



[Shrimati Lalitha (Rajagopalan)]

Mr. Vice-Chairman, yesterday Mr. Chandra Shekhar was referring to the smaller banks which have been left out and he also pointed out that they were not really smaller banks in the sense that they provided credits to smaller people but that those smaller banks were all controlled by the big business people. I also want to know what they are going to do regarding these smaller banks which are controlled by the big business.

Sir, I am also happy to find from a news item in today's papers that wider sections of the community will be covered in the matter of bank credits. It is said there that the nationalised banks may extend credit facilities to certain sections which have not benefited significantly from the institution of banking. And this gives the answer to Mr. Dahyabhai Patel who said that large crowds which were going to the Prime Minister were rickshaw pullers, taxi drivers and such others who have no bank accounts. This clearly shows that the Government intends to help these people because the proposal is said to cover professional groups like doctors, dentists, engineers and technicians and other groups likely to benefit are rickshaw and taxi drivers who may be enabled to own the vehicles they ply. They may get loans up to 60 per cent of the cost of a new vehicle or 70 per cent of the market price of a second-hand vehicle not more than two years old. It also says that people who want to start clinics will also be provided with funds. This clearly shows that the Government have every intention of helping the smaller and the bigger people provided they all give their cooperation and help in promoting the growth of industry and economic stability of the country.

I would like to say one thing about the foreign banks which are holding interests here. That is a problem when we nationalise our banks. One news item which I saw says that the Government may not entertain such kind of pleas from the U.K. bank for sterling payments. It is said here :

"Official sources point out that even though the Chartered Bank of Britain is the holding company, the Allahabad Bank is a bank incorporated in India and as such its shareholders will get compensation in the manner prescribed in the Bill now before Parliament. There cannot be a different yardstick for payment of compensation merely because it is the subsidiary of a foreign bank."

Here it is said that the Government of India may not entertain but it should be that the Government of India will not entertain such kind of pleas because if concession is given once and you give in sterling then you will have to give in dollars, roubles and what not. We should say that we shall give only in our own currency and not in any other country's currency especially since we are short of foreign exchange.

I hope this nationalisation of banks is only a stepping stone to success, a stepping stone to the dream that is now coming to a reality. We have been stressing for a socialist pattern of society not only in this forum but even outside and I am sure that the Government after this courageous step will go ahead and implement one by one all the programmes that have been enunciated by the party for the welfare of the downtrodden and for bringing economic prosperity, industrial growth, and peace and security to the country.

SHRI K. SUNDARAM (Tamil Nadu) : Mr. Vice-Chairman, Sir, it was only in November-December last year that we passed the Banking Law (Amendment) Act for the social control of banks which came into force in February 1969. Within a short period of eight months we are now being asked to pass this Bill called the Banking Companies (Acquisition and Transfer of Undertakings) Bill, 1969. In this short period of eight months has there been any such radical change in our economic position to warrant such a Bill being rushed through in such a haste ? This House being an august body has to calmly, quietly and dispassionately considered why this measure has come up at this time. I can only say that it has emanated from the stray thoughts of the Prime Minister submitted to the Bangalore session of the AICC and it has really gone far astray. This Bill seems to be the reaction, rather a violent reaction, to the events that took place at the Bangalore session and the subsequent events that followed. We were told during the Budget session that we have a green revolution and things are very bright and prosperous and that we are well on our way to the economic take-off stage. There has been no warning that there has been a drastic change in our economy nor has there been a warning of such a Bill as it has been presented to us today. The only change that we see is that the Prime Minister is in the helm of economic affairs; we do not see any other

change at all. She has told us that she is learning economics and this economics student devalued our currency a few years ago, a thing which we cannot forget. It has gone down the pages of history as virtually having ruined the economy of the nation. The same Prime Minister is now in full control of the economy of the nation. With due respect to the Prime Minister, I would say that women are generally hasty and afterwards they regret for their lapses. This legislation is another such measure, a hasty measure and this is the second example.

श्री शीलमद्र याजी : घर में झगड़ा हो जायेगा ।

SHRI K. SUNDARAM : An Ordinance was issued to take over these fourteen major banks. We should not forget the circumstances under which democracy is functioning today. There is no President. There is no Vice-President, but only an Acting President is the custodian of the Constitution today. There is a partial Vacuum in democracy as it exists today. Under these conditions such a drastic change is the economic policy of the nation is being introduced in very indecent haste. No convincing case has been made out for such an urgency. But for the events that have taken place in the Congress Party, I am sure there will not be a measure of this type that has been brought forward today. It has been the policy of the Congress Government to nationalise banks, but it would have gone on in a very smooth manner. The change over would have taken place smoothly but for the Bangalore session of the Congress. Even under the Banking Law (Amendment) Act of 1969 there are provisions as to when to take over banks and under what conditions such banks should be taken over. Wherever and whenever a bank persistently fails to implement or refuses to carry out the instructions of the Reserve Bank, such banks will be taken over by the Reserve Bank. There is that provision, but that has been bypassed already. Here we should study the behaviour of the banking industry since the introduction of the Banking Law Amendment Bill. There have been no directives to the banking industry until this Act was passed about the social objectives in the national policy of the ruling party. The moment the Reserve Bank gave them a positive direction as to what was to be done, they implemented it implicitly, for example, in the organisational changes. The directors who had

borrowed money or who were connected with such companies which had borrowed money from these banks were immediately reduced. According to the statement of the Deputy Finance Minister last year between 1967 and 1968 the ratio of their borrowing was brought down from 10.1 per cent to 3.1 per cent. It will be interesting to note that the State Bank of India maintained the highest percentage of such advances. At the end of 1969, twenty leading commercial banks accounted for 86 per cent of the banking business and they sanctioned additional credit limits to agriculture and other small-scale industries to the tune of Rs. 130 crores and Rs. 84 crores respectively. This is an indication of their earnestness in carrying out the directives of the Reserve Bank. We should also not forget that these commercial banks were forbidden from giving any loan to agriculturists all these years because it was considered to be risk lending. In spite of that, within this short time, though there was not much demand from the small-scale industries for credit, they have achieved quite a good result. They were asked to explain what they have done within that short period. Four hundred and eighty-seven new offices have been opened in the semi-urban and rural sector and 363 offices in the urban unbanked sector. The target fixed was that there should be a bank for every town with a population of 10,000 before 1970. I am quite sure that they would have fulfilled this target and would have done much more. The Prime Minister just now said that there are only 13 districts in India where no bank still exists. It was the duty of the State Bank to have selected such places. They should have gone there and met this deficiency. In spite of that in February 1969 these banks started an agricultural credit corporation with a capital of Rs. 100 crores. This sum of Rs. 100 crores was in proportion to the deposits received by each bank. With this sum of Rs. 100 crores they were about to set up the machinery that was required with expertise on agricultural financing. Before they could set up the machinery and move forward and satisfy these conditions, they have been nationalised. It is a common scene in our Indian villages that whenever the father and mother quarrel, the mother beats up the children, to give vent to her feelings. This is what has happened. The quarrels between the factions in the Congress Party have resulted in these banks becoming the casualty. Unwarranted charges have been levelled against the banking industry like concentration of money, monopoly and

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these things. We should not forget that immediately after independence in 1949 the Banking Regulation Act was introduced. Ever since that no new bank has been licensed so far. We have created a monopoly as early as 1949. Is it there fault if consciously we have allowed them to monopolise? We have even permitted them to amalgamate, to become bigger monopolies and then we come and say that they should not become monopolies and they should be dissolved. During the war years when there were no persons to borrow money, these banks were competing against each other. They went to these industrialists and requested them to borrow money. They took them on their boards. They expanded their business. They wanted people who knew the tricks of the trade to be on their boards, so that they would be able to give proper and secure loans to their customers. This is the service that they have rendered. (*Interruptions*) Mr. Vice-Chairman, I am very much disturbed. There is another conference going on in the House.

**THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA)** : No conference on that side please.

**SHRI K. SUNDARAM** : These directors during these years have rendered yeoman service to the banking industry. But for these people the banking industry would not have expanded to the level of today. Not only that. They have injected the banking habit into the thousands of small traders and retailers in our country. But for this the banking industry would not have expanded to its present capacity. We should not forget that these banks have been liberally contributing to the loans raised by the Central Government as well as the State Governments. My friend, Dr. Mahavir gave figures to show that it has been always in the region of 24 and 25 per cent. They never failed to support the public cause in relation to the compulsory 25 per cent they had to repay in the form of Government securities.

Now, another charge raised against these banks is that of profiteering. Let us go into the details of this also. In the case of the fourteen banks that have now been nationalised, at the end of 1968, their total profits were only Rs. 6.64 crores. How did they make this profit? They had a total deposit of Rs. 2,741 crores on 31st December, 1968, of which current deposits ac-

counted for 25 per cent, savings bank 26 per cent and fixed deposits 49 per cent. They had only 9 per cent of the total advances in liquid cash.

Sixty four per cent was used for advances to the trade and industry, and the balance was in securities which could be encashed at any given moment if there was any need. We should also not forget that these deposits are of a very short-term nature, and that they are paying 4½ to 5 per cent for the deposits and they charge 9 to 10 per cent for their customers. It is the difference of 4 or 5 per cent in which they have to meet their administrative charges, their expenses, their bad debts, their bonuses, their taxes, and build up reserve. Within this 4 or 5 per cent they have to meet all these things. Whether the nationalised banks will do the work so economically and make the maximum use of the funds available with them and show such results is very doubtful.

**SHRI JOACHIM ALVA** : Have your banks done anything for housing for their employees?

**SHRI K. SUNDARAM** : Were they ever asked to do it? What happened to the industries? When the new industries were asked to provide housing for their workers, no industry came forward to put it up, and so they had to withdraw it. There was a stagnation in the expansion of industry. If the banks had been asked to do it, instead of investing in buildings in the city, they would have definitely invested in housing for their own employees as any other industry would have done. We see the L.I.C. putting up buildings, and at what cost? How much rent they are getting for these buildings? We see Rs. 50 lakhs is the rent on one building only. Such huge loans are lent by the L.I.C. for newspaper buildings, for offices, for unproductive purposes.

**SHRI JOACHIM ALVA** : Your monopolists are also there.

**SHRI K. SUNDARAM** : Mr. Vice-Chairman, this Bill contemplates taking over of hundred per cent of the assets and liabilities of these banks, of only these 14 banks, whereas the other 40 banks are left out whose borrowings or deposits are less than Rs. 50 crores. The same freedom, the same facility should have been given to these 14 banks also. We should not forget that when land reforms were introduced, a ceiling was fixed and everybody

who had owned land was allowed to own land to that extent of the ceiling and whatever was there over and above the ceiling, that was only nationalised and not the entire land. So, this is a very great mistake and Government should not have done it. This will go against the fundamental rights of the owners. It will amount to confiscation of their right of holding property.

The Bill also envisages giving compensation. Now compensation itself is a very complicated matter. We have seen that when the zemindary was abolished, the Government came forward and agreed to pay appropriate compensation, and there are hundreds of cases even today pending disposal. The amount of compensation has not been settled so far. Similarly when crores of rupees worth of buildings, land and other assets of the banks are there, how are they going to settle this compensation? One has to wait and see. Though there are Tribunals to be appointed, it will be a very hard task to fix the compensation for assets because of the nationalisation. In the normal course there will be a market rate for such property, but once it is nationalised it will be very hard and very difficult to arrive at what would have been the market value on the day on which it was nationalised. In addition to that what they say is they will pay the value whichever is lower, either the market value or the intrinsic value whichever is lower. Why? It is their legitimate property. They had been compelled to part with it. Why they should accept the lowest of the two methods of calculation I fail to understand. These shareholders had been normally getting about 8, 9 or 10 per cent. return on their shareholdings all these years. It is not a very high profit. The banks were not declaring a very high dividend but a steady dividend of 8, 9 or 10 per cent.

**THE VICE-CHAIRMAN (SHRI M.P. BHARGAVA) :** Only three or four minutes more for you.

**SHRI K. SUNDARAM :** I will take a little more time. It was only recently that the Prime Minister said that Rs. 200 crores or more would be diverted from these commercial banks for the public sector. Before these banks could decide whether to agree to Rs. 200 crores or more or less these have been nationalised. Our Law Minister says that it is a pragmatic step and not a dogmatic step. I fail to see how

it is going to be a pragmatic step. The total credit available is only Rs. 2,741 crores. Whether it is with the commercial banks or nationalised banks, the same thing is going to be utilised within the country for development purposes. I wonder how this can improve or increase the rate of growth of the economy of our nation. Until recently the banks waited for their clients in their offices. They were asked to go and lend money on their creditworthiness. According to the Prime Minister, the process is to be reversed. The fundamental change in the role of finance is to be translated into action with a social purpose. Whether the profitability of the bank will be considered or the social purpose is to be considered and how it is to be balanced and weighed, that is the question. I fail to understand how the nationalised banks are going to do this everyday with every customer. So far the finances followed development. Now the Government wants the finance to lead the development. They have to take much greater risk. Have they made any provision for providing for this risk of finance? I do not see there is any other way except to write it off as bad debt and create a special fund. Of course the difference between the 4½ or 5½ per cent that you pay as the interest on the Government bonds and the dividend of 10 per cent will be available for this purpose. The creditworthiness is not on the persons but on the purpose. Now, Mr. Vice-Chairman, the ICIC and the IFC are such big finance corporations. They do lend money in very large amounts to industries. But they have got a team of technocrats to go into details, and they are to be convinced how a plant or an industry is going to work, and they go into other minute details, and unless they are fully convinced that it will be a profitable undertaking, they will never lend money. If the nationalised bank is going to deal with the small trader, small agriculturist, small merchant, small industrialist, has it got sufficient machinery to go into this and find out exactly their profitability and their repaying capacity before it will advance money? I doubt very much. It is claimed that the vast population of the agriculturists will be catered to by these nationalised banks. Very recently we had the report of Mr. B. Venkatasubbiah about the cooperatives. For so many years they have been in the fields of agriculture, credit and agricultural services. Now you will find that it is absolutely inadequate and it is absolutely no use depending on these cooperatives if the agricultural sector is to

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be served better. Now, can the nationalised banks overnight multiply one hundred times their present strength to serve the vast field of agriculturists in the rural sector? I doubt. It is mere high talk and high boast and nothing else. About the remittances into the State Bank the Prime Minister gave some statistics. I can give my own experience. Every manufacturer who manufactures excisable commodities must remit the excise duty into the State Bank only. There are lakhs and lakhs, sometimes several lakhs of industrial undertakings, who may be remitting per day. But such people are given only a limited number of remittances per month or per week. An industrial undertaking is given only four remittances per week. Mind you. It is for receiving money. To receive money into the State Bank of India, they put restrictions on remit only so many times in a month, not every day, not so many times a day. That is the service that the State Bank is giving today.

THE VICE-CHAIRMAN (SHRI M.P. BHARGAVA): You will have to wind up now.

SHRI K. SUNDARAM : In this Bill there has been only a mention of a scheme. The entire thing depends upon what is the scheme, how you are going to translate it into action. Then only can it be pragmatic. Until then it can only be dogmatic. Where is that scheme. Place it before Parliament. Let us consider it and find out whether it will be really successful or not. As Mr. Pande has said, it is a gamble otherwise. Now, in the absence of any such scheme, this House cannot decide whether it would be really successful or not. Well, there are quite a number of dangers which we have to face in this nationalisation. There are regional imbalances already. The Centre-State relationship is already strained. And this will only give room and another lever to accentuate the feelings and wound them further. What about the Five Year Plan? Now, this overnight change, this change without any thought, is going to change our plans, it is going to alter the plans. And all the things, what you have done for the last four years holding up the plan, have been changed. The entire economy is thrown overboard.

Lastly, I would like the Prime Minister to be more practical. There are quite a number of sick mills. Even this morning

we discussed it. This change in the banks, will it give further credits to these sick mills? I would like to know.

Mr. Vice-Chairman, the Prime Minister claims much support for this Bill. But she has no patience to hear the full Bench of the Supreme Court. They want to hurry and this Bill is to be passed in a haste. They think that these two Houses of Parliament are the rubber-stamps of the Prime Minister. That is how we are being treated today. This Bill which has been passed by the Lok Sabha or handed over to us as passed by the Lok Sabha, we had only hardly six hours to go through it. Is this the way Parliament is to be treated? I am very sorry to say that . . .

THE VICE-CHAIRMAN (SHRI M.P. BHARGAVA) : I am sorry. I cannot give you any further time. I have given you full time which was there for your party. You have exceeded it.

SHRI K. SUNDARAM : This is the last point. This is only the penultimate stage of dictatorship. There is no doubt about it. Therefore, this Bill should be thrown away.

Thank you.

THE VICE-CHAIRMAN (SHRI M.P. BHARGAVA) : Now, I want the guidance of the House. I have still got 20 names before me of the hon. Members who want to take part in the debate. As far as the parties are concerned, all the parties' time has been consumed except the DMK and the Muslim League. Now, if the House wants to sit up to 8.00 p.m., then I think we will accommodate these two Members.

SOME HON. MEMBERS : No, no.

THE VICE-CHAIRMAN (SHRI M.P. BHARGAVA) : That was the decision.

SHRI PITAMBER DAS : I have a suggestion to make that we do not sit till 8.00 p.m. to-day. Instead we sit on Saturday and then finish it off, of course, if it is acceptable.

SHRIMATI YASHODA REDDY (Andhra Pradesh) : This was raised in the Business Advisory Committee and we were told that being second Saturday—may be the Members of Parliament may be willing to come—, the staff of the Rajya Sabha Secretariat will be inconvenienced.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : That difficulty is there.

SHRI BHUPESH GUPTA : I think tomorrow we can sit as long as we like.

**THE VICE-CHAIRMAN (SHRI M.P. BHARGAVA) :** Mr. Bhupesh Gupta, the difficulty is that there are over 100 amendments. They are bound to take up a lot of time and unless we finish the First Reading today, it will not be possible.

**SHRI BHUPESH GUPTA :** We are ready to sit. I am ready to sit up to 12 of the clock this night.

**THE VICE-CHAIRMAN (SHRI M.P. BHARGAVA) :** If that is acceptable to the House. . .

**SOME HON. MEMBERS :** No.

**SHRI PITAMBER DAS :** Shri Bhupesh Gupta has no attraction at home.

**SHRI BHUPESH GUPTA :** On a personal explanation, my friend says that Bhupesh Gupta has no attraction at home. I am speaking for those people who are away from home, they will at least be relieved of the worry.

**THE VICE-CHAIRMAN (SHRI M.P. BHARGAVA) :** If it is acceptable to the House, I will call Mr. G.P. Somasundaram and Mr. Khaja Mohideen, and then call upon Mr. Pitamber Das to reply to the Resolution. Is that . . .

**SEVERAL HON. MEMBERS :** No, no.

**THE VICE-CHAIRMAN (SHRI M.P. BHARGAVA) :** I am entirely in the hands of the House. So long as they want to sit, I am prepared to . . .

**श्री राजनारायण :** मेरा कहना यह है कि जितने लोग बोलना चाहते हैं आप सब को बोलने दीजिए । आप किसी का गला दबा कर इतने महत्वपूर्ण विधेयक को जल्दी में पास मत कराइये । 8 बजे, 9 बजे, 10 बजे तक हम बैठ सकते हैं ।

**THE VICE-CHAIRMAN (SHRI M.P. BHARGAVA) :** So, is it the intention of the House that we sit up to 10 of the clock?

**SOME HON. MEMBERS :** Yes, yes.

**SHRI BHUPESH GUPTA :** Division.

**THE VICE-CHAIRMAN (SHRI M.P. BHARGAVA) :** Division on what?

**SHRI BHUPESH GUPTA :** Let us know it. Division. Mr. Vice-Chairman, we shall sit as long as is necessary today to complete the First Reading.

**THE VICE-CHAIRMAN (SHRI M.P. BHARGAVA) :** Mr. Somasundaram.

**SHRI G. RAMACHANDRAN (Nominated) :** I want to say that you should not throw a non-party man into the waste paper basket because he belongs to no party.

**THE VICE-CHAIRMAN (SHRI M.P. BHARGAVA) :** The difficulty is like that. I have got names of eight Independents before me from yesterday. You sent me a chit. I indicated that I might be able to accommodate you after 5.30 or so. But the debate has gone beyond that. Now, I cannot go over the list. So, you should appreciate the difficulty of the Chair also.

**SHRI ARJUN ARORA :** The list has been deliberately departed from and betrayed today. My name was there.

**THE VICE-CHAIRMAN (SHRI M.P. BHARGAVA) :** Not to my knowledge. Your name is still there.

**SHRI ARJUN ARORA :** I should have come immediately after Dr. Bhai Mahavir. But then somebody else walked in.

**THE VICE-CHAIRMAN (SHRI M.P. BHARGAVA) :** You are the first on the Congress list. That is the position.

**SHRI ARJUN ARORA :** I should have been called, according to the list, immediately after Dr. Bhai Mahavir.

**THE VICE-CHAIRMAN (SHRI M.P. BHARGAVA) :** I do not know what has happened.

**SHRI ARJUN ARORA :** But I was not called.

**THE VICE-CHAIRMAN (SHRI M.P. BHARGAVA) :** I am not taking the guidance of the House.

**श्री राजनारायण :** श्रीमन्, प्वाइंट आफ आर्डर । एक सदस्य कह रहे हैं कि हमें धोका दिया गया और वह यह सदन में कह रहे हैं तो इस सदन को यह पूरा हक है यह जानकारी करने का कि किसने बिट्रे किया ।

उपसभाध्यक्ष (श्री महाबीर प्रसाद भार्गव) : यह तो उन्होंने नहीं कहा कि किसने किया किसने बिट्टे किया ।

श्री राजनारायण : नाम तो बतायें ।

THE VICE-CHAIRMAN (SHRI M.P. BHARGAVA) : Now let us proceed. Mr. Somasundaram.

श्री राजनारायण : आज उनको बिट्टे किया है कल हमको भी कर सकते हैं ।

SHRI G. P. SOMASUNDARAM (Tamil Nadu) : Mr. Vice-Chairman, Sir, I am very grateful to you for giving me an opportunity to express my view on the question of the nationalisation of banks. At the outset I must congratulate the Prime Minister not only for taking a bold step such as this, but also for the way in which she did it. She had to face opposition—she is still facing it—not only from Members of her own party but also from the right wing who are influential persons but without mass support. Much has been said for and against this nationalisation. I do not want to elaborate the advantages of this measure. The very fact that this measure has not resulted in any mass movement against it, indicates clearly that it is on sound basis. We all know that the Gold Control Act and the Compulsory Deposit Scheme brought forward by the former Finance Minister were opposed by the people at large with the result that the Government was forced to water down the measures. In the case of nationalisation of banks it has the support of all people except the money bags. So let the Prime Minister need not water down this measure and also need not hesitate to bring forth other progressive measures.

Sir, everybody knew that this is not the panacea for all ills. This is a right step in the right direction. The other progressive measures as promised by the Prime Minister will have to follow forthwith. We have waited for a long period of twenty years. Yet we have not given the basic necessities of food, clothing and shelter to our brethren. How long can they wait? I would beg the Prime Minister not to promise these basic necessities to the future generations but to make them available to the present generation itself. After all, when we are living in the days of Apollo-11 no task is insurmountable.

Sir, it is a fact that we have more poverty in this country than riches. If we are to usher the socialistic pattern of society, there should be a proper distribution. As I said earlier, as there is only poverty in this country, let it be distributed among all. In other words, let the rich who have been tasting the riches for a long time feel a bit of poverty also. The Government can achieve the socialistic pattern by bringing measures like ceiling on urban property, nationalisation of general insurance, foreign banks as well as Indian banks with a share capital of less than Rs. 50 crores and big industrial houses. Foreign banks as well as non-nationalised Indian banks should not be spared because much business will flow into these banks, with the result that nationalisation of banks will not be as profitable as that is today.

There is already much criticism about the State undertakings. Therefore, the utmost caution is necessary in the running of these institutions. The banks should be run on commercial lines and politics should not come in. Representation should be given to the State Governments in the Board of Management so that the interests of the States will be kept in view while policy decisions are taken.

If our economy is to proceed on a sound footing village banks should be opened. This will help the villagers as well as agriculturists. Much attention must be given to agriculture in the years to come and, therefore, a portion of the activities of the nationalised banks should be set apart for the development of agriculture. The nationalised banks should be asked to pay attention to the village and cottage industries particularly the handloom industry. As far as possible assistance should be given by banks to new-comers in the various fields. In fact I would suggest that there should be a ceiling for providing assistance to an individual.

Please permit me to congratulate again the Prime Minister. It is a matter of great pleasure to me because the step is a right one. Secondly, the desire of my late revered leader, Shri Annadurai, has been fulfilled to a certain extent. With these words I conclude my speech.

THE VICE-CHAIRMAN (SHRI M.P. BHARGAVA) : I can only appeal to the Members to exercise a little self-restraint Mr. Arjun Arora.

SHRI ARJUN ARORA : I am prepared not to speak.

THE VICE-CHAIRMAN (SHRI M.P. BHARGAVA) : You have your chance.

SHRI ARJUN ARORA : I have already been deprived of my opportunity. So if you think I should not speak I am prepared to co-operate with you.

THE VICE-CHAIRMAN (SHRI M.P. BHARGAVA) : I do not think that you should not speak when I have called your name.

SHRI ARJUN ARORA : I will speak for only ten minutes. Sir, I rise to support the Bill though I feel the Bill could have been better. The nationalisation of 14 major banks in the country is a rather partial fulfilment of one of our dreams. For example, I remember, that in 1963 Mr. K. V. Raghunatha Reddy, who was then speaking on the other side, moved a Non-official Resolution calling for nationalisation of banks and the House overwhelmingly supported that non-official resolution which after three days' debate was talked out. Many in the country from many platforms have demanded the nationalisation of banks and the Prime Minister is only modest when she says that 95 per cent. of the people support this measure. As a matter of fact, 99.9 recurring per cent. of the people support this measure.

SHRI G. RAMACHANDRAN : There is no one to challenge you on that point.

SHRI ARJUN ARORA : It is their misfortune, not mine. These 14 major banks which have been nationalised were controlled by a few individuals. Less than 1 per cent. of the Share-holders of these companies had a controlling interest in them. So at the most 14 and their hangers on are affected. The rest of the people are solidly with the Prime Minister and the Government in support of this measure.

Sir, banks in the private sector are graded as mere businesses. There are two types of businessmen. There are some businessmen who indulge in malpractices and any scrutiny of the working of banks will reveal that the banks abound in malpractices. Dr. Mahavir, for example, quoted the advances of the State Bank of India.

But what is the position about the other banks, these commercial banks?

PANDIT S. S. N. TANKHA (Uttar Pradesh) : He said about that also.

SHRI ARJUN ARORA : The advances to the directors or their families or their relations are enormous. When the social control came and it was stipulated that one cannot have finances from the bank of which one is a director, the bankers, the directors, the tycoons, the business magnates and the industrialists adopted a policy of "You scratch my back and I will scratch yours". It was an arrangement between them that A advanced money to B from the bank of which A was a director and B advanced money to A from the bank of which B was a director. It was *quid pro quo* and social control miserably failed and turned out to be a hoax. This is about malpractices. But even honest bankers and honest businessmen, of whom unfortunately there are very few in the country to-day, are after highest yields and best returns. They are not after any social purpose. They are not after the development of the country. They chose investments on the basis of what the returns were going to be. So the result was that even the honest bankers advanced money to the most profitable enterprises, and the most necessary, the most essential sectors, from the social point of view, agriculture, small-scale industries, the new entrepreneurs and the deserving, suffered.

Mr. Vice-Chairman, the banks have become the main providers of the decisive part of credit and money used by the community. The banks to-day are the most powerful, the most significant providers of money needed by the community. So this power, this big power of determining the fate of the economic life of a country cannot be left, and should not be left, in the hands of a few families. A study by the Company Law Administration has revealed that the 20 major banks of the country have only 188 directors. And these 20 major banks command practically the whole of the deposits. So, are we prepared in this country to leave such enormous economic power in the hands of 188 people? Banks are an essential part of our economy and cannot be left in private hands. Of course, mere nationalisation is not the panacea. The Prime Minister is clear about it. A number of speakers from this side of the House have been clear about it. So it was wrong of Dr. Mahavir to say that nationalisation will not create wonders. We do not claim that mere nationalisation will create wonders. The



[Shri Arjun Arora]

danger of State Capitalism is, of course, looming large over the horizon of India. We have to do some thinking on the manner in which this big act of nationalisation is to be implemented. We have to see that nationalisation of banks is followed by the revolutionising of the working of the banks. I hope nobody will get frightened by the word "revolutionising". Bringing in efficiency itself is a revolutionary step. But in the context of nationalised banks, mere efficiency will not do. Mere prompt service will not do. Mere quick responses to a few will not do. The transference of the banking system to public ownership and control should mean the conversion of banks into an apparatus for supplying producers with money capital. When I say producers, I do not only mean the Tatas, Birlas, Mafatlal and their tribe, but all producers in the country. This conversion should also mean providing of money to the consumers at the right price, at the right moment and in the right quantities. If, for example, in this country the standard of living of the people has to be raised, enormous schemes of hire-purchase will have to be evolved by the nationalised banks. If the nationalised banks evolve and adopt enormous schemes of hire-purchase in order to raise the standard of living of the people, to enable them to buy articles of consumption and articles which really mean much in civilised existence it will lead to further setting up of consumer industries and greater employment. We cannot fight, Mr. Hathi cannot fight, unemployment merely by setting up more employment exchanges.

THE MINISTER OF LABOUR AND REHABILITATION (SHRI JAISUKHLAL HATHI) : Certainly, I agree.

SHRI ARJUN ARORA : We must establish more and more industries, particularly more and more consumer goods industries.

SHRI JAISUKHLAL HATHI : I agree.

SHRI ARJUN ARORA : And those industries can be established and run profitably only if people have purchasing power. The nationalised banks should not only provide money to producers but they should provide money to consumers also. And if they provide money to consumers and back hire-purchase schemes, for example, it will lead to greater employment not only for the engineers but also for the artisans.

Then, Mr. Vice-Chairman, transference of ownership of banks into public hands will not have any consequences for the society if the banks continue to be operated as they have been operated so far I have all along been enthusiastic about nationalisation of banks. I was happy when the Prime Minister and the Cabinet took the decision to nationalise banks on July 19. But at 9-30 that evening, the Prime Minister made a speech on the network of All India Radio. One sentence in that broadcast alarmed me and I must share that alarm with you, Mr. Vice-Chairman, and with the House. She said : "Nationalisation of banks does not mean the beginning of a new era of nationalisation". That is an illogical sentence in the whole of her very good broadcast. If we want to make the nationalisation of banks a success, the whole economic structure will have to be transformed. We cannot merely talk of socialism and nationalise one particular thing after fifteen years and say that socialism is very near. The whole economic structure will have to be transformed and a new era of nationalisation will have to be brought in. I want the Prime Minister to apply her mind to this again and take steps not only to revolutionise the working banks, but also to revolutionise the whole economy.

7 P.M.

As far as the banks are concerned, the insistence that the structure of these fourteen banks should not be disturbed, that the acquisition of shareholding by the Government should mean the least disturbance, is a wrong approach. The banks must be converted into an instrument of the people, for the betterment of the people, for the improvement of their living standards, and a national banking policy must be evolved. [Time bell rings.] One word about compensation and I will conclude in order to cooperate with you.

There are already demands for compensation based on inflated rates. The Government should be very clear on this that it will not succumb to any pressure in support of the demand for compensation on inflated rates. (Interruption) The shareholders of the banks which have been nationalised, the big families of the managements of these fourteen banks who are vitally concerned in the shareholdings, have put forward their claims. The dividends in banking have been enormous and

the share capital has more than repaid itself a hundred times. So, there should be no hesitation in the Government declaring that only the face value of the shares will be taken into consideration and full amount of the face value will be paid only where the shareholding is fully paid up.

**THE VICE-CHAIRMAN (SHRI M.P. BHARGAVA) :** You have already taken fifteen minutes.

**SHRI ARJUN ARORA :** I have a lot to say in this and I have to move a few amendments. I hope you will please give me time tomorrow when I move my amendments and put my case. Thank you.

**SHRI S. A. KHAJA MOHIDEEN (Tamil Nadu) :** Sir, I rise to support the Banking Company's (Acquisition and Transfer of Undertakings) Bill, 1969. In so doing I am obsessed with a disillusionment. The scope of the Bill as I read it, appears to be so restricted that it is not known if the noble objective of diversification of the wealth of the country to the common man and the masses will be realised as contemplated. I consider it necessary to emphasise that until and unless a radical view is taken, until and unless the economic structure which is sought to be re-shaped is constructed from the base, it will be hard to realise the aims and objectives. I do not wish that this banking problem should be handled in a half-hearted manner but the issue should be taken in its totality. The announcement of the Bill, preceded by the Ordinance, of course, has created a psychological impact on the masses, and an emotional feeling has been apparent everywhere in the mind of the common man, but this has to be utilised to its logical conclusion. A close study reveals that a modest attempt is made just to tickle this crucial issue to obtain the mighty objective.

It is observed that only fourteen important banks have been brought under nationalisation, thus bringing into effect 72 per cent of the total deposits under Governmental control, and leaving 44 banks to continue with the rest of deposits to function under a system which has not been socially just nor has been in the interest of the economy of the country. Further, other financial institutions, corporations, *sauwari khandi* systems more particularly, that carry on economic business in lakhs and crores of rupees, have not been

brought under the scope of this Bill. My fear, however, is that this omission is really a loophole which is bound to be taken advantage of by the vested interests who will contrive means to neutralise the effect of the Bill. It is a well-known matter that black money is playing a havoc in the economy in our country and now means will be sought to swell the deposits in the unnationalised banks to indulge in the same process. I have not observed among the provisions of the Bill any such measure that will guard against such an eventuality. I would propose that there should be a measure which would automatically bring into the purview of nationalisation if the assets reach a particular mark, say, Rs. 50 crores. If it is the intention of the Government to control this vital instrument of power and shift it from the domain of vested interests and monopolists, the logical method should necessarily be to make it a foolproof Bill with simultaneous provisions to block any vicious endeavour on the part of the vested interests. I feel, therefore, that instead of this half measure which to my mind is just tinkering, the nationalisation should have been complete without any kind of discrimination whatsoever. There is no rational ground to support the view that a partial set-up should be allowed to continue in the old structure and also foreign banks be given the licence to act as they please. The entire energy of the Government will be wasted and spent in detecting the evasiveness that would be brought about by these loopholes in the Bill.

We should be honest to feel that what we are doing it for the common man. This nationalisation means that it is a fundamental transfer of monetary power from a band of tycoons to the society, to the masses, and seek proper methods of diversification so as to confer the monetary power over the large masses so that the nation as such will be given an opportunity to participate in the economic development. All along a few have controlled the banking industry and thus became powerful and strong men in the society. Nothing could move except by their permission and wish. The direct consequence was that the country is now faced with conditions of scarcity, unemployment and tremendous unrest in every sector. It is not that this aspect had not been foreseen by our leaders. As a matter of fact the question of nationalisation was actually in view from the time freedom was won. One of the first acts after the advent of

[Shri S. A. Khaja Mohideen]  
freedom was to tune the activities of the Reserve Bank to control the entire banking industry for the purpose of utilising it to the benefit of the large masses. It was in pursuance of this very objective that the Imperial Bank of India was converted into the State Bank. The development of this Bank, its services, particularly in the rural parts of the country, have shown how useful and advantageous it could be to the common man. This has been possible by the wide ramifications of the State Bank in the country, though it functions within a restricted scope. Another aspect to be borne in mind is the persistent demand for nationalisation of banks from the moment we gained freedom. There has been no many non-official resolutions on the subject, but at every time the powers who controlled the machinery had nothing but empty promises merely to placate the banking tycoons who piled millions after millions in their accounts. We are indeed thankful that it has now dawned upon the Prime Minister herself to realise that the time has come to face the situation and to save the country from further chaos and ruin. What surprises me is that this modest attempt as indicated in this Bill, which of course does not take over the entire monetary power of the country, has created such furore and every attempt is made to block the measure. The so-called national press, the instrument of monopolists in the country and old reactionary elements have raised such a hue and cry that a deluge awaits us as a result of the nationalisation.

From the publicity of this problem given in the press, this clearly seen that deliberate attempts are being sought to hide the essential beneficial features of nationalisation. We all agreed that the system of our administration should be democratic socialism, which means that the economic power is so diversified that an opportunity is created for the vast masses to participate in the economy of the country. For example, the small scale industries and various projects sought to be initiated by intelligent and patriotic individuals obtain the requisite aid from the State. This is possible only if the monetary control is in the hands who implicitly believe in democratic socialism and not in the hands of those few individuals who are merely interested to enrich themselves.

A review of the banking industry for the last 20 years clearly discloses the fact that a few industrialists and capitalists of the

country administered the whole system. The real beneficiaries were the big industrialists and enormous wealth accumulated and concentrated in the hands of a few. The essential aspect of this country is decidedly agriculture and small scale industries that touch the mass in the society. These commercial banks have been so constituted and the Directors and Administrators functioned in such an environment that only major institutions took advantage and earned huge profits. It is to be imagined that while millions after millions were accumulating in the accounts of a few industrialists the common man in the country struggled and awaited wheat from countries thousands of miles away. It should not be forgotten that we possess the man power, natural resources and genius second to none yet, we are enshrined in a system that we cannot move towards rightful construction of society. After 20 years, we are crying pathetically over food shortage, unemployment and a possible deluge.

I may also refer to the planning and the recommendations of the Planning Committee. The planning has been brought to a halt by the vested interest controlling the monetary power for the reason that the plan seeks to diversify the deposits against concentration of wealth in a few hands. Those who control the monetary power see to it that machine of planning does not move. It has become inevitable for this reason that 80 per cent. of the banking is confined to five giant industries in the country, and any planning that benefits the common man, will be inimical to the interest of these great industrialists. The so-called social control initiated by the ex-Finance Minister Shri Morarji Desai, has proved a failure and will never succeed for one reason that that in spite of the fact that a partial control was sought to be imposed on the administration of the banks, but the Directors and Chairman of the banks being the same saw to it that no shift was made in regard to the diversification of finance in the manner desired.

In conclusion, I once more declare, that while supporting the Bill I maintain most emphatically that the scope of the Bill should be expanded to include all banks particularly the foreign banks and the public should be educated how the enormous were the gains earned by a few individuals to the detriment of the masses. I would however like to sound a note of caution.

In our zeal to nationalise the banks and save the masses, no undue restriction should be placed on the normal functioning of the banks, thus throwing the normal economic activity to chaos. The normal credit needs of the industries which employ thousands of people should be met in the same way as before. The recent strike of the State Bank should be a lesson to all public-owned institutions. Strike in a nationalised banking institution should be banned and any dispute of the employees should be settled only by conciliatory means. The weapon of strike should certainly be removed from the employees so that the public gains more of confidence in the Government-owned banking system.

Thank you, Sir.

**SHRI B. T. KEMPARAJ (Mysore) :** Mr. Vice-Chairman, I stand to support the Banking Companies (Acquisition and Transfer of Undertakings) Bill, 1969 and I refer to clause 13(3) where it is contemplated to constitute a Board of Directors. It reads as follows :

“Every Board of Directors of a corresponding new bank shall include representatives of the following, namely, the depositors of such bank, employees thereof, farmers, workers and artisans, to be elected or nominated in such manner as may be specified in the scheme made under sub-section (1).”

In this connection I wish to state that the condition of the down-trodden and the depressed classes should be taken into consideration. Therefore it is very essential that in the formation of the Board of Directors one Scheduled Caste or a Scheduled Tribe person has to be nominated. In the Statement of Objects and Reasons it is clearly stated :

“The banking system touches the lives of millions and has to be inspired by a larger social purchase and has to subserve national priorities and objectives, such as rapid growth in agriculture, small industries and exports, raising of employment levels, encouragement of new entrepreneurs and the development of backward areas.”

Therefore, when the Bill is contemplated for the improvement of the economic condition of the down-trodden, weaker sections, to guarantee the measures to be taken there must be a guarantee by way of nomination on the Board of Directors

during its constitution. So I am making the suggestion that this may kindly be considered while the Board is being constituted.

Regarding the scheme, clause 23 makes it abundantly clear that it has to be formulated and placed before the Parliament. When such a scheme is placed before the Parliament, there is ample scope for everyone to suggest ways and means as to how the banking system should work.

Now I go to the other factors. So much criticism has been made by some Members of the Opposition that the Ordinance and the Bill are being rushed through. It is not so. It is by a unanimous resolution of the party in power that the Ordinance and the Bill are being brought here. When that is the case, there need not be any fear in the minds of the Members of the Opposition that there is any conflict or difference of opinion in the country.

Our Communist Party leader Mr. Bhupesh Gupta, while heartily supporting the Bill, he tried to beat about the bush. Without any reason at all he tried to make out a case of difference of opinion. I do not know what information they get from which source. Therefore, whenever we make any substantive criticism, there must be sufficient reasoning for that. Without making out a specific case, to go on creating and also finding facts which are not existing, which are not relevant to the context will be of no use. Of course criticisms are allowed, but it should not be a criticism, just to make the Press or the public feel that something is going on.

This nationalisation of banking, not only this one, so many schemes on other policies, which have been constantly referred to for the last several years, have to be taken into consideration and they have to be given effect to. This being the Gandhi Centenary Year, as a first step this nationalisation of banking has been taken up. Some hon. Member said that nationalisation is not socialism and this is also not; it is minus socialism. But I want to know what exactly the socialism means. Even Mahatmaji has advocated the theory of socialism and he has also stated the difference between communism and socialism. The socialistic approach is entirely different from communism. I quote Mahatmaji.

[Shri B. T. Kemparaj]

"Socialism and Communism of the West are based on certain conceptions which are fundamentally different from ours. One such conception is their belief in essential selfishness of human nature. I do not subscribe to it for I know that the essential difference between men and the brute is that the former can respond to the call of the spirit in him, can rise superior to the passions that he owns in common with the brute and, therefore, superior to selfishness and violence, which belong to the brute nature and not to the immortal spirit of man. This is the fundamental conception of Hinduism, which has years of penance and austerity at the back of discovery of this truth."

Therefore, this philosophy makes out that our socialism, as it is expounded and advocated by Mahatmaji, is entirely different from the point of view that the communists look at.

Then coming to the other point I quote this statement of Mahatmaji.

"My notion of democracy is that under it the weakest should have the same opportunity as the strongest. That can never happen except through non-violence. No country in the world today shows any but patronizing regard for the weak . . ."

Therefore I say that it is the Father of the Nation who has said and left us to follow these principles.

Again, regarding public institutions and banks Mahatmaji has said :

"The public should be the bank for all public institutions, which should not last a day longer than the public wish. Any institution run with the interest of accumulated capital ceases to be amenable to public opinion and becomes autocratic and self-righteous."

Therefore it is not a new thing that is expounded or found out. There is this feeling and also there is this policy which Mahatmaji intended to come into force. Unless these principles are brought into force and brought into action there is no goal for socialism. So the weaker sections cannot come up.

Again, in the Fourth Plan also, the framers of the Fourth Five-Year Plan (Draft) have said :

"Major decisions regarding production, distribution, consumption and investment—and in fact all significant socio-economic relationships—must be made by agencies informed by social purpose."

Therefore, the attainment of objectives of equality and social justice requires more comprehensive planning and greater command of Government over resources than has been attempted so far. Preventing increase in concentration of economic power is a part of this problem. The impending monopolies legislation, Government's powers of licensing and allocation judiciously used and purposeful policies of public financial institutions and the social control of banking, are expected to play a significant role in this regard."

Therefore, Mr. Vice-Chairman, what some of the Members of the Opposition have stated—that this Bill is being rushed through, etc.—will be having no ground or having no strength. Therefore, I fully support this Bill and I request that all the Members of this august House support the Bill.

श्री जगत नारायण (हरियाणा) : वाइस चेयरमैन महोदय, कल और आज दो दिन मैंने इस हाउस में तकरीरें सुनी हैं, प्राइम मिनिस्टर का प्रभावशाली व्याख्यान भी बड़े गौर से सुना है ।

[THE VICE CHAIRMAN (SHRI. D. THENGARI) in the Chair]

एक सवाल मेरे दिल में उठता रहा है, उसका जवाब मुझे नहीं मिला है और वह सवाल यह है कि 80 फीसदी जो भारतवर्ष की जनता है जिसके सम्बन्ध में श्रीमती इन्दिरा गांधी ने लोकसभा में यह कहा था कि उनकी आमदनी एक रुपया या उससे कम है उसको इस बैंकों के नेशनलाइजेशन से क्या फायदा पहुंचा है । यह एक सवाल है जो लोग पूछ रहे हैं । कहा यह जा रहा है कि पार्लियामेंटरी डेमोक्रेसी में यह एक लैंडमार्क है, अभी अभी प्रधान मंत्री ने कहा कि पहली दफा ऐसा मेज़र आया है जिसको इतना सपोर्ट मिला है, इतना उसका स्वागत किया गया है . . .

**श्री शीलमद्र याजी :** स्वागत सब कर रहे हैं ।

**श्री जगत नारायण :** स्वागत सब कर रहे हैं, वे लोग भी कर रहे हैं जिनकी आमदनी एक रुपया है । लेकिन वे पूछते हैं कि हमें इससे फायदा क्या पहुंचेगा । वजीर साहब यह बतलाएं कि उनको 14 बैंकों के नेशनलाइजेशन से क्या फायदा पहुंचेगा । इस सिलसिले में मैं यह कहना चाहता हूं कि 1952 में हमारे यहां पंजाब में सच्चर वजारत बनी, उस वक्त पब्लिक को नेशनलाइजेशन का ख्याल भी नहीं था । हमने पंजाब में सबसे पहले ट्रांसपोर्ट को नेशनलाइज किया और मिडिल तक की जो किताबें थी उनको नेशनलाइज किया । उसका असर क्या हुआ ? उसका असर यह हुआ कि बच्चों को जो किताबें 4 रुपए में मिलती थीं वह अब 2 रुपए में मिल रही हैं । मैं एजुकेशन मिनिस्टर भी था, ट्रांसपोर्ट मिनिस्टर भी था, बड़ी गालिया भी खाई, कांग्रेस वालों ने मुखालिफत की...

**श्री शीलमद्र याजी :** उस वक्त आप कांग्रेसी मिनिस्टर थे ।

**श्री जगत नारायण :** हा मैं कांग्रेसी मिनिस्टर था, हमने नेशनलाइज किया और हिन्दुस्तान में पहली दफा किताबें नेशनलाइज हुईं और ट्रांसपोर्ट नेशनलाइज हुआ । उसका असर यह है कि आज पंजाब में बच्चों को किताबें सस्ती मिल रही हैं मिडिल तक, मिडिल के आगे महंगी हैं । पंजाब के ट्रांसपोर्ट में सफर कर लीजिए, जिन भाइयों ने सफर किया है वे जानते होंगे कि पंजाब का जो ट्रांसपोर्ट है वह कितना अच्छा है, कितना आरामदेह है और कितनी जल्दी पहुंचा देता है । उसका फायदा है आम जनता को । नेशनलाइज करने का मतलब यह होता है कि आम जनता को कोई फायदा पहुंचे । मैं बड़े अदब से वजीर साहब से यह पूछना चाहता हूं कि इन 14 बैंकों के नेशनलाइजेशन से उन लोगों को जो 80 फीसदी हैं, जिनकी आमदनी एक रुपया या

उससे कम है, उनको क्या फायदा पहुंचा ?

2-3 तारीख को मैं जालन्धर में था । आपको पता है, वाइस चेयरमैन महोदय, कि मैं अखबार-नवीस हूं । 2 तारीख को और 3 तारीख को भी 40-50 आदमी इकट्ठा हुए और पूछने लगे लालाजी बताओ कि बैंकों को नेशनलाइज करने से क्या फायदा पहुंचेगा । उनमें मजदूर भी थे, अखबारनवीस भी थे, फार्मर भी थे, बाहर के आदमी भी थे, बैंक के नौकर भी थे, हर तरह के आदमी थे, वे कहने लगे कि इसका फायदा उनको पहुंचेगा जिनको इस वक्त फायदा पहुंच रहा है, चाहे बैंक नेशनलाइज हो जायें, चाहे बैंक नेशनलाइज न हों । तो मैंने पूछा, क्यों ? तो कहने लगे कि गरीब आदमी को क्या फायदा पहुंचना है । गरीब आदमी, एक रिक्शा वाला अगर रुपया लेने जायगा तो उस के लिए भी बैंक वाले कहेंगे कि श्योरिटी लाओ और वह श्योरिटी ऐसी होनी चाहिए कि अगर वह रिक्शा वाला पेन कर सके तो वह रुपया उन श्योरिटीज से वसूल किया जा सके । वह गरीब श्योरिटी के लिए किसे ढूँढेगा ? अभी अभी एक भाई ने कहा कि लोगों को बैंक में रुपया जमा करना चाहिए । रुपया तो वह जमा करेगा जिस के पास आमदनी हो । जो एक रुपया कमाता है और उस एक रुपये में ही परिवार का खर्च चलाता है वह बैंक में क्या जमा कर पायेगा और उसको बैंक से क्या फायदा पहुंचेगा ? मैं वजीर साहब को बताना चाहता हूं कि पंजाब जो हिन्दुस्तान की ग्रेनरी है, आज कल वहां पर छोटी छोटी मंडियों में, तीन चार हजार के कस्बों में बैंक खुल रहे हैं । मैंने पूछा कि क्या बात है तो बैंकों के जो बड़े मैनेजर थे उन्होंने बताया कि आप को तो पता नहीं है । आज कल शहरों में बैंक खोलने का क्या फायदा है । आप लोग शहरों में जितना रुपया जमा करते हैं उतना निकाल लेते हैं । अब तो हम देहातों में बैंक खोल रहे हैं और वहां जो लैंड लार्ड्स हैं वे पचास पचास हजार और एक एक लाख

[श्री जगत नारायण]

रुपया जमा करते हैं और हमारा हेड आफिस उस को इस्तेमाल करने की कोशिश करेगा। हकीकत यह है कि आप इन छोटे बैंकों से भी किसी किसान को फायदा नहीं पहुंचा सकते। आपने उसके लिए कोई स्कीम नहीं बतायी है। मैं उन लोगों में से हूँ कि जिन्होंने 1952 में ट्रान्सपोर्ट और किताबों का नेशनलाइजेशन किया। मैं जानना चाहता हूँ कि 80 फीसदी तो क्या, आप 80 फीसदी को छोड़ दीजिए जो बाकी रह जाता है 20 फीसदी उसको ही आप क्या फायदा पहुंचा सकते हैं। एक इंजीनियर है और वह रुपया लेना चाहता है। वह बिजनेस करना चाहता है, उसको आप कैसे रुपया एडवांस करेंगे? अगर कोई सेक्योरिटी ले कर ही करना है तो फिर न तो वह सेक्योरिटी दे सकता है और न वह इंजीनियर काम ही कर सकता है। वही हाल किसानों का होगा। इसलिए आप यह बतायें, मैं बड़े अदब से वजीर साहब से गुजारिश करूंगा कि यह जो आप बैंकों को नेशनलाइज कर रहे हैं इसमें छोटे किसान, जिनकी आमदनी दो रुपया और एक रुपया रोज है या उस से भी कम है उस को किस तरह से फायदा पहुंचेगा। किस तरह से आप उस को लोन देंगे। आप ने कहा कि हम यह करेंगे, लेकिन मैं जानना चाहता हूँ कि आप यह करेंगे कैसे? मुझे पता है कि जब पंजाब का बंटवारा हुआ और हम लोग उधर से आये तो गवर्नमेंट ने किसी को 500, किसी को 200 और किसी को 1000 रुपया दिया काम करने के लिए, लेकिन उस के साथ दो दो सेक्योरिटी ले ली। अब सेक्योरिटी वाले फंस गये हैं और जिन्होंने रुपया लिया है वह मजे में है। तो इस में भी वही होगा। इसलिए मैं जानना चाहता हूँ कि आप किसानों को किस तरीके से यह रुपया देंगे और किस तरह से उन को फायदा पहुंचायेंगे यह मैं अदब के साथ वजीर साहब से जानना चाहता हूँ।

दूसरी बात मैं उनसे यह पूछना चाहता हूँ कि आप का स्याल यह है कि आप बैंकों की

ब्रांचे देहातों में खोलना चाहते हैं तो क्या आप देहाती लोगों के साथ उन को बावस्ता करेंगे ताकि उन का वहां पर कोई से हो? जिन लोगों को कर्जा लेना है, जिन को फायदा पहुंचना है क्या उन को भी आप इन ब्रांचों में लेंगे ताकि उन का वहां पर से हो वहां के दूसरे लोगों को मदद करने में, लोगों को कर्जा दिलाने में, लोगों को खाद के लिए रुपया दिलाने में? तो जब तक आप इस में क्लियर नहीं होंगे कि नेशनलाइजेशन से गरीबों का क्या फायदा होगा, उन लोगों को क्या फायदा होगा जिन की आमदनी एक रुपये से कम है तब तक आप का यह जो सारा मेजर है इस का कोई फायदा नहीं होगा। होगा क्या? मैं आप को बताऊँ कि परसों मैं एक जगह बैठा हुआ था। वे लोग मुझे जानते नहीं थे कि मैं कौन हूँ। वहां पर इंडस्ट्रियलिस्ट भी थे और दूसरे लोग भी थे। जिस तरह से प्राइम मिनिस्टर को बधाई देने लोग आते हैं लोग और हर जगह चर्चा बैंक नेशनलाइजेशन का है उसी तरह वहां भी यह बात चल रही थी। वे लोग आपस में ही इस बारे में झगड़ते रहे कि हम किस तरह से नेशनलाइजेशन करेंगे। वहीं एक इंडस्ट्रियलिस्ट भी बैठे थे। उन्होंने कहा कि आप क्या बात करते हैं। आघे तो डाइरेक्टर्स होते थे और दूसरे लोग होते थे। वह कहने लगे कि 14 बैंकों के लिए 72 आदमी लगेंगे, उनका काम करने के लिए, उन्होंने यह गिनती कैसे निकाली मुझे पता नहीं, लेकिन उन्होंने कहा कि जो 72 आदमी लगेंगे उनको परचेज करना कितना मुश्किल है। अगर मिनिस्टर, डिप्टी मिनिस्टर और आई० ए० एस० अफसर को परचेज किया जा सकता है तो उनको परचेज करना कितना मुश्किल होगा। यह बात मैं सिर्फ आप के नोटिस में ले आया। उनका कहना था कि जिस तरह से हम को पहले लोन मिलता था उसी तरह से अब भी मिलेगा। तो आप देखे कि दयानतदार अफसर मिलना कितना मुश्किल है। हर रोज हाउस में अफसरों के खिलाफ तोहमत लगायी जाती है। तो

किस तरह से आप ईमानदार अफसर लायेंगे और इन बैंकों को चलाने में आप को इन बातों को ध्यान में रखना होगा। मगर मैं समझता हूँ कि जिनकी खातिर आप बैंकों का नेशनलाइजेशन कर रहे हैं उनको आप फायदा नहीं पहुंचा सकेंगे। इस का फायदा वही लोग लेंगे जो कि आज फायदा ले रहे हैं। इस लिए आप जिनके फायदे के लिए नेशनलाइजेशन कर रहे हैं उनको क्या सहूलियत देना चाहते हैं इस बात को वजीर साहब को सफाई के साथ बतलाना चाहिए।

SHRIMATI YASHODA REDDY : Mr. Vice-Chairman, Sir, I thank you very much for giving me this chance almost as the last speaker. I must at the very outset say that I welcome this Bill for more than three reasons, firstly because my party has passed it, secondly because my leader has said correctly that 90 per cent. of the people are behind her and thirdly because I see overwhelming support on both sides of this House.

SHRI Z. A. AHMAD (Uttar Pradesh) : Not on its merits?

SHRIMATI YASHODA REDDY : Also on merits certainly.

SHRIMATI LALITHA (RAJAGOPALAN) : You only welcome it?

(Interruptions)

SHRIMATI YASHODA REDDY : I am welcoming it and I support it. One word I would like to say about the Resolution of Mr. Pitamber Das and the arguments he advanced. Sir, I must confess it will not be fair to myself, to my party or to my leader if I am not honest enough to say what I really did feel the day the Ordinance was issued. It did make me feel why when Parliament was meeting just in 36 hours this should have been done. Certainly it made me feel that way. I never doubt the intentions or the motive of the Government behind the issue of the Ordinance but it certainly did strike me as something unusual that just before Parliament this thing should have been done. And certainly with the overwhelming support this measure has got not only within the party but in Parliament also. I felt that we could have waited till the Parliament met. Possibly—I am not questioning—there may be very valid reasons but honestly I must

say I did get this feeling myself also. But I do not agree with Mr. Pande when he says that there is no necessity of passing this Bill before the 11th. If they had not brought the Ordinance two things would have happened. Some sort of thinking has been set afoot rightly or wrongly that this is being rushed through for political reasons with which one may or may not agree and I disagree but certainly I feel that seldom has such a great measure of such great consequences has been drafted piloted and passed through the other House and this House with so much of hurry. I say this with an absolute sense of responsibility.

SHRI AWADHESHWAR PRASAD SINHA (Bihar) : There was no hurry in Lok Sabha.

(Interruptions)

SHRIMATI YASHODA REDDY : I say it with responsibility and great understanding, because I know till the last day . . .

AN HON. MEMBER : You are confusing the issues.

SHRIMATI YASHODA REDDY : I am not confusing it. I am only saying that we should not brush aside when some body brings forward a resolution and there was enough room. Let us accept it though we may not agree with them and say that it was absolutely political. Nor do we say that everything was wrong or every thing was right. But people could think that way and there was some scope for it. Let us be honest about it. That is all that I want to say.

I entirely agree with my hon. friends that it has been a very bold and historic step. I also agree with the hon. Law Minister when he spoke yesterday here and especially with one sentence of his speech I am satisfied. He said : "I have got almost the near unanimous support for this laudable object." I entirely agree with him and there are no two opinions on that. Even the Jan Sangh and the Swatantra Party would agree as far as the laudable object is concerned, as the Law Minister has stated. He also said that this laudable object, this great promise which we are giving to the people of India, to the poorer sections, especially in the poverty-stricken areas of the country, can be appreciated, understood and even complimented only if it is implemented correctly and the results achieved. If I have to say one or two words of caution,



[Shrimati Yeshoda Reddy]

one or two words of what I consider to be suggestions for the constructive implementation or correct implementation, I hope my hon. friends will not misunderstand me.

SHRI SHEEL BHADRA YAJEE : The political and economic issues are interlinked.

SHRIMATI YASHODA REDDY : As he said very correctly, in this whole issue unfortunately the political and economic aspects are interlinked. Politics and economics are interlinked. Unless you have a political ideology, you cannot bring about economic progress. But unfortunately I must concur with most of the critics and we should not deny that we have given them scope. Our Party has given the scope of making people feel that we have brought politics into this very good economics measure. It has been propagated by my Party for so many years and recently it was passed in the Bangalore session almost unanimously. (Time bell). If you want me not to go into the merits of the Bill, I will bow down to you and sit down.

The VICE-CHAIRMAN (SHRI D. THENGARI) : You may try to expedite.

SHRIMATI YASHODA REDDY : I would like to speak, now that the time at my disposal is limited, like the much-quoted words of Madam Prime Minister viz., 'stray thoughts'. It has been much misused. May I also give my suggestion at least as stray suggestions, in the form of one or two words? And if I am to explain them, I will, otherwise not. As to how this will work in practice will depend firstly—may I tell the Government—on the men who are going to man them. This has been said by many people. Certainly our public sector has been criticised. I must also tell one of our friends who says that the public sector projects have not given us returns, that we must realise that they are not quick—return projects. They are more or less long-term projects. They are in the take-off stage and they will take a long time to give us returns. But certainly some of our difficulties and some of the criticisms have been due to the personnel. The bane has been the wrong personnel. They have put in there people who know nothing about public projects or industries. That has been the bane. They have put in the wrong personnel. May I tell the Government that people whom you are going to put in charge of

them should not only have banking experience, but also have an understanding of the political issue, which is socialism for the good of everybody, without doing any harm to the present economy of the country . . .

SHRI B. K. P. SINHA : Suggest my name.

SHRIMATI YASHODA REDDY : Mr. B. K. P. Sinha's name is there and if the Government feel so they are most welcome to do it. I plead I do not have that much of banking or economic experience. I shall say one word about the democratic gesture of giving representation to depositors, farmers, workers and artisans on the advisory boards. I hope the House will not mistake me. I want to know why we should not give representation to the big industry people also, i.e., business and industry. Not because I say that they should get the benefit, but I feel that they would help you with their experience of private banking. (Interruptions) I was told just now by a person who is a director in the bank that after social control we are having one or two representatives of big business. Some people from big industry should be there. They should not be in a overwhelming majority. Just one or two representatives to put forward their point of view. I shall give you two reasons. If I am wrong I do not want it. I do not want to be misunderstood. It would help you in the transition period of changing the private banking into nationalised banking.

SHRI JOACHIM ALVA : We do not want them. They are suckers.

(Interruptions)

SHRIMATI YASHODA REDDY : I entirely agree that they should not be in power, but they should be represented.

SHRI JOACHIM ALVA : We do not want them, not one of them.

SHRIMATI YASHODA REDDY : I must tell the Government one thing. Without giving up their economic policies and without hurting the economic situation of India, the Government should make the Reserve Bank give financial guidelines in consultation with the Planning Commission and the finance Ministry. Our whole banking and economy hereafter must primarily meet the Five Year Plans and the objectives and guidelines should be made in such a way that the banks are given operational targets. After all

whatever be the credit policy that the institutions are going to formulate, it must ultimately meet the social and development plans and not only just mere economic needs.

My second suggestion is this and I am glad that the Prime Minister has just now made the assurance that the competitiveness of the present banks would be maintained, both for getting more deposits and to give better service to the nation. I am glad that the Prime Minister just now made a reference to it and I hope they will maintain it.

Another point is that it should not be highly centralised. It should be decentralised. There must be a little more decentralisation in the working of these banks. If the banks in various places for giving credit to the rural sector, have to take permission from New Delhi, the farmer, the small artisan, etc. will not get credit. If it is tied up with too much red-tapism, it will not help them. Only one word more. I am glad that the Prime Minister has said in regard to credit-worthiness, that it is not so much the credit-worthiness of the human being, but it should be based on the nature of the work. Here is a good example. I do not have time to elaborate it, but the Sonys of Japan two people, have come up like that. They have become really the biggest company in the world today. The Prime Minister put it very neatly by saying that credit-worthiness should shift from person to purpose. That is a very good thing. But one word I would like to add to it, if only by way of caution. Ultimately we know that banking and banking institutions are based not only on profit and loss but also they control the economy. I was told that these commercial banks never gave encouragement to the rural sector. Even the Reserve Bank and the State Bank in all fairness I must say, did more in this field than any other.

The Reserve Bank also, when it gave its credit through the co-operatives to the rural people, found one difficulty.

श्री जगदम्बी प्रसाद यादव (बिहार) :  
कामशियल बैंक भी ।

श्रीमती यशोदा रेड्डी : कामशियल बैंक में  
नहीं दे रहे हैं ।

श्री जगदम्बी प्रसाद यादव : जरूर दे रहे हैं ।

श्रीमती यशोदा रेड्डी : किधर दे रहे हैं । Not as much as the State Bank. So, they found one difficulty. First of all in giving money to these people, because they were so poor, there was some hesitancy. After all the banks have got the feeling that the loans should be secure.

The second thing I would like to insist is this. The money these people got into the rural sector was not for development work. Now the Government should see when it opens branches in the various rural sectors—which I hope it will do; they have not put in in this bill, but they said they are going to do it—when they give money in the rural sector, they must also have some vision to see that the money which is given to the people is used for developmental purposes. Because I know it, and coming from my village I have seen it, but you must only pity them. You see their social condition. They take money on loan, they take money from someone to wipe out the previous loan. They take it saying they want it for digging a well or some such thing. That is the only way they can get the money. I do not say they are dishonest. They do it, they cannot help it. So what I want to say is you must see to it that it is used for development purpose. Otherwise you will have inflation. Secondly, as somebody suggested, if we could have some security measure like a crop insurance or small risks insurance, they will be in a position to pay back the loan.

I honestly welcome this Bill and I wish the Government all success. But let them not be complacent that just passing the Bill will do everything. Unless they implement it and see that there is no economic failure, they will have to take the blame, the whole Party will have to take the blame. I ask them to look to it and see that the working of the Bill is made on correct lines and the implementation is there so that the laudable object for which they have brought this measure is made a success. Tomorrow let not the nation say that here was somebody who took a bold and hasty action which was not a wise one. Let not that be said. Let us all co-operate. Let us make it a success. I hope that Government will get all assurance and that it will be a great success.

SHRI G. RAMACHANDRAN : Mr. Vice-Chairman, I must say that this debate seems to have gripped the House as few debates I have seen in the years I have been here. People are sticking to their seats like leeches in order to hear the debate and participate in the debate. But we are all taking prefixed postures on this Bill, dictated even before the debate has started. You see firm postures. The Congress is now committed to the Bill and I have no doubt it will be passed. The Swatantra Party is opposing it tooth and nail. The Communist is jubilant that this thing is coming through. So, we are taking well-defined postures already. Thanks to the genius of the Prime Minister and the sagacity of the Law Minister, people are wondering and sometimes asking why there should have been an Ordinance. I think it was extremely good that there was this Ordinance. If the Ordinance had not come, we would not be sitting here finishing this job today and tomorrow. There can be many things said about it, I am not going into it. It is good there was an Ordinance. It is good that we have this Bill and in congratulating the Prime Minister who took the initiative and gave us the inspiration I want to congratulate the able Law Minister also. He has brought in a first class Bill. It can be amended, it can be changed like any other Bill. But let him share with the Prime Minister the great credit for this Bill.

The Prime Minister ended her speech by a splendid and apt quotation from Gandhiji. She read out a few very radical and brilliant sentences from Gandhiji and paused dramatically and said "This is not a quotation from a Communist but but this is a quotation from Mahatma Gandhi." I can assure you and you will know it yourself that there are many such quotations that can come from Gandhiji. In fact we seem to have systematically evaded the revolutionary economic concepts of Gandhiji during these many years we have had independence. We have understood something of Gandhian politics, we have understood something of Gandhian education, we have understood something of Gandhian sociology, but Gandhian economics still remains the least understood of all the Gandhian things which stand before us today. As early as the Round Table Conference in 1931 in London Gandhiji said something which we can recall with pride today. He said at the Conference, "Every single interest which is opposed to the interests of the masses shall

have to go", and then Mr. Saptu rose to his feet and asked, "Does not that mean, Gandhiji, expropriation?" And Gandhiji's answer came like a flash, "That word does not frighten me". Later on there was an occasion when Gandhiji was discussing this matter with the redoubtable Andhra leader, called Andhra Kesari, the late Mr. Prakasam. They were discussing the future of the textile mills. Now Prakasamji was a fanatic for khadi. He wanted khadi to become the national order in economics at that level. So, the question of compensation to the Mills was mooted. Then do you know what Gandhiji said? He jerked up and said, "Compensation from whom to whom? Compensation for those who have enjoyed these privileges for a hundred years? And from where will compensation come? It will again come from the people?" He brushed aside the idea of compensation. Gandhiji was the most radical economic planner of this country and everytime we are in a crisis we turn back to him. Today also when the Prime Minister quoted those challenging words from Gandhiji, I said, "Yes. Gandhiji still lives in our minds and a particularly when we are in trouble and facing opposition." If all these are Gandhian ideas, which normally you expect the Congress to put into practice, and which it has not often, why then does Rajaji object to this? Now I am told that even Acharya Kripalani and Mrs. Kripalani are not very happy about this. I do not know, but I can say about Rajaji, because I had been very close to him and I still retain, in spite of all my political differences with him, the deepest reverence for the man, that he once put people who objected to Hindi in prison; he will today put people who support Hindi in prison. And he has a delightful way of turning round and asking you, "Has not a man a right to change his opinion?" Let us grant him the right to change his opinion. Let us hope he goes on changing again. We do not quarrel with him.

8 P. M.

श्रीमती विद्यावती चतुर्वेदी : अब 60 से ऊपर हो गये हैं ।

SHRI G. RAMACHANDRAN : Now, among those who understood Gandhian economics—perhaps a little more than most of us—was Dr. Lohia. He wanted to introduce a Trusteeship Bill in Parliament. Now, this word "Trusteeship" at once reminds me of what Gandhiji told a Maharajah. A Maharajah consulted him as

to what he should do in the new situation that was arising in India. His answer was extremely simple—"Surrender all political power to the people and make your palaces and money into a trust for the people." This is the kind of thing that we must keep in mind as we look at this very small measure of this Bill that has come about. At Karachi, years ago, long before we became independent, we said, we shall nationalise all the key industries. Have we done that even in 1969? Have we nationalised the key industries like steel coal, basic chemicals, transport?

AN HON. MEMBER : Banking.

SHRI G. RAMACHANDRAN: Banking also. We have only now started nationalising it. So, the party in power—I am speaking today as a non-party man—was pledged to all these things down through these years. For the first time since independence, there is a little stroke of reality in this bank nationalisation. And it is creating a kind of startled reaction sometimes even inside the Congress party. I know that there are members of that party who are not at all happy about this bank nationalisation. But the current flows strong and the tide is so powerful, that they are swept into it. This is the history of India at the moment.

Then, there is my friend, Mr. Bhupesh Gupta, he made a wonderful speech this morning; and for the first time in his life he kept on congratulating, cognratulating, and congratulating the Prime Minister. I think he overdid it. Mr. Bhupesh Gupta is, of course, very famous for overdoing things. If he had stopped—and I am saying this with a sense of admiration—ten minute before he ended, he would have made a masterful oration. But in the last ten minutes he went on repeating and repeating. But I am grateful to him. He has kept an open mind. In many things he differs from the ruling party. But today he took his hat off which he does not wear, to the Congress Party and said, "I congratulate you." Let us accept his congratulation in the way in which it has been given.

Now let us look at this matter for a minute or two more. Many Members from the Opposition parties kept on saying that this cannot bring about any magic results. But who said this more forcefully on the floor of the House than the Prime Minister? She said again and again, "This is not

going to bring about a millenium into our country this is not a magic wand which I am waving which will transform our society overnight. Not at all." She is perfectly conscious that this is one little step only in the right direction. And as I listened to the Prime Minister, I felt proud of this brave woman, capable of taking big decisions and facing the consequences. Let us add strength to her elbow. Let each one of us line up behind her and let it be said of us some day that when the first stroke of socialism was ushered in this country we all lined up behind a great Prime Minister.

Thank you.

THE VICE-CHAIRMAN (SHRI D. THENGARI) : Shri Pranab Kumar Mukherjee.

SHRI AWADHESHWAR PRASAD SINHA : How long are we going to sit?

SHRI SHEEL BHADRA YAJEE : No more.

SHRI CHANDRA SHEKHAR : He is a new Member. He should be allowed to speak.

SHRI BHUPESH GUPTA : He is a new Member.

THE VICE-CHAIRMAN (SHRI D. THENGARI) : I seek the cooperation of the House in one respect. Mr. Mukherjee has been called. He will be speaking. That is one thing. Then, there are still some other names, some ten, from the Congress Party and one from the non-Congress. What is the consensus of the House? After Shri Mukherjee, shall Shri Pitamber Das speak?

SHRI AKBAR ALI KHAN : After him the Law Minister and then Mr. Pitamber Das.

THE VICE-CHAIRMAN (SHRI D. THENGARI) : Shall I take it that the consensus of the House is that after Shri Mukherjee, Shri Pitamber Das will speak?

HON. MEMBERS : Yes.

SHRI PRANAB KUMAR MOKHERJEE (West Bengal) : Mr. Vice-Chairman Sir, at the outset I offer my thanks to you and through you to all the Members of this august House for giving me an opportunity to speak on this Bill. Sir, the demand for the nationalisation of the banks is not anything new. For pretty

[Shri Pranab Kumar Mukherjee]  
long years, almost all of the leftist parties of the country and the major trade union organisations, even a section of the Congressmen, were demanding the nationalisation of the banks. And I must offer my thanks to the factionalism and groupism of the Congress Party, for, at least a good thing came out of it, and that is the nationalisation of the 14 major scheduled banks. Undoubtedly the Prime Minister deserves congratulations, not so much for the merit of the Bill. As we already know, many of the members from the other side of this House have spoken about the loopholes of Bill. But we must congratulate her for the courage she displayed even when surrounded by a galaxy of the advocates of the monopolists and the profiteers who tried successfully to prevent any nationalisations of the banks all these long years.

It has been pointed out that political considerations are given predominance over economic considerations in the nationalisations of banks. I do not find if there is any harm in it. Nowadays when politics affect every aspect of our life, when politics affect every bit of our life I do not think how economic institutions like banks cannot be considered without political motivation. And the most amazing thing is this. The Swatantra Party, particularly the leader of the Swatantra Party, Mr. Dahyabhai Patel, talked much of politics on this issue and took up the issue as a political one even. The other day I was going through a speech published in *Statesman*, Delhi edition. Mr. Rajagopalachari, an esteemed leader of the Swatantra Party, called the monopolists industrialists and big business houses of the country to array behind the Swatantra Party, to come under the Swatantra Party, and he advised the big businessmen to give up their lukewarm and placid attitude towards the party which stands for free enterprise. The most interesting thing is this. They are condemning the Prime Minister for taking a political motivation in this Bill. At the same time they themselves are taking this as a political issue and it seems that if the Prime Minister made politics of nationalisation, the Swatantra Party did not lag far behind.

So far as the merit of the Bill is concerned, I must submit one or two points. It has been said that compensation to the extent of Rs. 75 crores would be paid to the shareholders. The other day it was pointed out in this House that in a Bombay economics journal titled *Commerce* there is

calculation and that according to that calculation, the compensation would come to a figure of Rs. 150 crores. I shall request the hon. Minister, through you, to look into the matter whether the compensation would be that high, to the tune of Rs. 150 crores?

The next point that has been provided in the Bill is that the existing Chairmen of the different banking institutions would be appointed as the custodians of the banks. I think, Sir, the Government is going to nationalise the banks with a new view, with a new outlook which cannot be properly implemented through these persons who were in charge of these banking institutions for these long years, and I think if they are appointed custodians they would not be able to visualise the governmental policy through these nationalised banks. So I would request the Minister to take this point also into consideration.

Again I offer my thanks and, through you, Sir, to the Members of the House for allowing me to speak at the far end of the debate.

श्री पीताम्बर दास : जनाब वाइस चैयरमैन साहब, हमारे मित्र शीलभद्र जी याजी और उनके साथी माननीय प्रधान मंत्री का भाषण बड़ी शांति के साथ सुनते रहे और जब डा० महावीर ने उस भाषण और इस बिल की आलोचना की तो उनकी बेचैनी और परेशानी देखने लायक थी :

जब दर्द भरे दिल में एक हूक सी उठती थी,  
बैठी भी न जाता था उठ उठ के बहकते थे ।  
अपने गजरे के हर एक फूल को तारोफ सुनी,  
जुस्में दिल हमने दिखाया तो बुरा मान गये ।

Mr. Vice-Chairman, in this debate two or three points have been raised which necessitate reply from me particularly because they had been addressed to me, through you of course, one point by the hon'ble Law Minister and, two by my friend, Mr. Chandra Shekhar. The Law Minister asked me whether I meant to say that there will be no strikes in public undertakings. I never said that. On the other hand what I said was that the Imperial Bank of India, before its nationalisation in 1955, during 34 long years of its life, had experienced only one strike in 1954 and that too did not last longer than

a day. After its nationalisation in 1955, during a short period of 14 years only it has experienced two strikes, one in 1960 for as many as 21 days and the other one in 1969 for 17 long days.

AN HON. MEMBER : Political consciousness.

SHRI M. PURKAYASTHA (Assam) : In 1969 by a section of workers and officers.

SHRI PITAMBER DAS : Yes, 22 thousand workes in 1960 and 1700 officers in 1969 and the loss that the Bank incurred ran in to several crores. The only thing with which I was concerned and which I made abundantly clear was the frequency of the strikes and the duration of these strikes and that the strikes could be ended earlier. There are strikes even in the private undertakings. But they cannot last long. What is important is the attitude towards these strikes, this bureaucratic attitude of the bosses who sit tight at the top, drawing fat salaries, with no stakes in the undertaking. That is the cause of these prolonged strikes. I was afraid of that.

My friend, Mr. Chandra Shekhar, recalled the year 1948 when Dr. Shyama Prasad Mukherjee advocated curb on concentration of economic power.

SHRI JOACHIM ALVA : The greatest orator of the Indian Parliament.

SHRI PITAMBER DAS : I congratulate you for this outspokenness

SHRI G. RAMACHANDRAN : May I ask a question? What is the inference you want us to draw from the fact that there have been strikes after it became the State Bank? One is the peace of the grave and the other is the rebel's life of a new people.

SHRI PITAMBER DAS : If you have to choose between 'no losses' and 'losses in several crores' and prefer 'loss in several crores', I have hardly anything to say. However, Mr. Chandra Shekhar said that in 1948, the Founder President of the Jana Sangh, favoured a curb on concentration of economic power. Then why is it that this Party does not advocate that? Probably that is what he meant. I want to inform him that the Jana Sangh was not present in 1948. It came into existence much later, in 1951. And, secondly, in 1948 Dr. Mookerjee was in undesirable company which he quit later on.

SHRI CHANDRA SHEKHAR : You disown Dr. Syama Prasad Mookerjee.

SHRI PITAMBER DAS : Dr. Mookerjee of 1948. Yes, I owned him in and after 1951. Apart from that, my friend misunderstands me when he says that I do not stand for curb on concentration of economic power. The Jana Sangh stands for it. It wants a curb on concentration of economic power. What my friends of the Congress now have done is that they have changed that concentration from the hands of one to the hands of the other. I told the House the other day also that according to the Jana Sangh the remedy does not lie in the change of hands. The remedy lies in breaking that concentration. And, therefore, our suggestion in this respect is that if you really want to put a curb on concentration of economic power, then you have to take this power away from the hands of industrialists as well as from the hands of the Government; they cannot do the job. If we really want to curb this concentration, then the Reserve Bank of India which in practice is subservient to the Government today should be raised to the status of a real autonomous monetary authority. (Interruptions). Let me put the complete picture before you first and then I am willing to answer any of your questions in this connection. Its character and composition should be altered suitably for this purpose. Independent economists, as distinct from bureaucrats, should head the Reserve Bank of India and control effectively its Board of Directors. Such a reconstituted Reserve Bank should be the official autonomous authority on all monetary problems such as currency and credit.

While Government remains the supreme authority regarding fiscal policy, it should respect the authority of such a Reserve Bank of India regarding monetary policies. Whenever there is a difference of opinion on policy matters between the monetary authority and the Finance Ministry, the matter should be placed before Parliament and its verdict taken. The Finance Ministry should have no power to override the decisions of the monetary authority without formal approval of Parliament. This is the structure that I suggest if you really want to put a curb on concentration of economic power.

The second point that Mr. Chandra Shekhar raised is that he traced the history of bank nationalisation from 1931.

[Shri Pitamber Das]

He is correct. But what I could not understand was that when they went on waiting for Bank nationalisation for 38 long years, why could they not wait for another 38 hours? Why this in decent haste of promulgating an Ordinance the 19th evening when Parliament was going to meet on the 21st?

These were some of the relevant points that had been raised and it was necessary for me to reply to them. I again request the House to disapprove of this Ordinance which had been promulgated in a very undignified manner.

Thankyou.

SHRI BHUPESH GUPTA: We are partially meeting his request. We are replacing it by an Act.

श्री जगदम्बी प्रसाद यादव : मेरा एक व्यवस्था का प्रश्न है। व्यवस्था का प्रश्न यह है कि इस विधेयक को प्रवर समिति के सुर्द करने का संशोधन सदन के सामने रखा गया. . .

उपसमाध्यक्ष (श्री दत्तोपत ठेगड़ी) : वह इन ड्यू आर्डर आएगा, आप बैठिए।

THE MINISTER OF LAW AND SOCIAL WELFARE (SHRI P. GOVINDA MENON): Mr. Vice-Chairman, Sir, late this evening I do not want to make a long speech because after hearing the large number of speakers who supported the Bill and after finding that those who opposed the Bill are absent in the house now, except the Jan Sangh Members, I do not think that there is any need for me to speak in support of the principles of this Bill.

One of the main points raised by Members of the Swatantra group was that this is practically the penultimate act towards dictatorship. And I am surprised to find that when the mover of the Bill is rising to answer some of the criticisms made against the Bill by these redoubtable champions of private enterprise, none of them is found here.

SHRI B. K. P. SINHA : There is some one sitting in the front row.

SHRI P. GOVINDA MENON : Yes, in order to fill the vacuum, my friend, Mr. Rajnarain, had to occupy the place of Mr. Dahyabhai Patel.

SHRI BHUPESH GUPTA: For the present he has nationalised Dahyabhai's seat.

SHRI P. GOVINDA MENON: It is not possible for me, Sir, to rise to the soaring heights of ideology to which the Prime minister rose, and I will not make an attempt in that direction. Even if I make an attempt, I may not succeed. After having heard the speeches of about 25 or 26 Members of this House supporting the Bill and 4 or 5 others opposing the Bill, what am I to say?

Now, Sir, the opposition to the Bill is on account of a deep-rooted and ingrained opposition to public undertakings in this country, a belief that private undertakings alone will succeed. Mr. Pitamber Das repeated the statement which he made yesterday regarding the 14-day long strike in the State Bank of India. Sir, for his information and for the information of the members of this House, I would say that in 1955 when I was Chief Minister of my state, I was also the Labour Minister, and in the the Tata Oil Mills Company in Cochin there was a strike which extended not for 14 days but for 55 days. Yesterday I referred to the strike in the jute mills. Therefore, I do not understand this point of referring to the strike which had taken place in the State Bank of India.

Mr. Pitamber Das is moving a motion disapproving of the Ordinance. I am aware of the fact, Sir, that in the article providing for issue of Ordinances, there is a provision for the House to disapprove an Ordinance. But when the Government introduces a Bill to replace the Ordinance issued by the President, a motion to the Ordinance appears to be an empty ritual which has become very common in both the Houses of Parliament nowadays.

SHRI PITAMBER DAS : For your information, I may tell you that the Resolution was given much earlier than the Bill. The Bill was brought later.

SHRI P. GOVINDA MENON: That is all right. If the hon. Member thought that after having issued this Ordinance on the 19th July, 1969, the Government would sit quiet without bringing a Bill to replace that Ordinance, I have nothing to say. The real point raised regarding the Ordinance not only by Mr. Pitamber Das but by some others

also, was : Why this Ordinance 40 hours before the parliament was going to meet? Now, I would remind the House that when it was thought that life insurance should be nationalised what was done was to issue an Ordinance and then the Bill came. Here the Ordinance was issued and Government was very particular to see that the step taken under the Ordinance should not remain without the support of Parliament for more than the time necessary. That is why as soon as Parliament assembled, we brought the Bill to replace the Ordinance, and the Prime Minister in her statement immediately after the issuance of the Ordinance had explained why an Ordinance became necessary.

I do not want further to speak upon these matters except to touch upon certain points raised by one or two Members whose speeches impressed me very much—not that the others did not impress me and if I am not able to refer to all the 32 or 33 Members who spoke here, it is not because I am disrespectful to any one of them. I enjoyed the speech made by Mr. G. Ramachandran who, because he stands aloof from politics, has been able to have a clear view of the matter before us. A stronger support to the Bill than came from Mr. Ramachandran I did not hear either in this House or in the other House. And coming as it did from a close follower of Mahatmaji and an intellectual, it is one of the strongest supports which we could get for the Bill. I liked the speech made by my respected colleague Mr. A.P. Jain for the statement which was there that this is starting a chain reaction, this is the first act which will have to be followed by other acts. That was referred to by the Prime Minister also in different words. Unless this is followed by other steps which have been promised, probably much that has been said about the consequences of this bill, even by those who supported it, may become true. Therefore, it will be followed, I am sure, by other steps. Certain points were raised as to how the nationalised banks should work. I draw their attention to the clause in the Bill providing for a scheme which will be drawn up by the Government in consultation with the Reserve Bank and placed before Parliament for discussion for amendment and annulment, alteration and all that, and the details regarding these matters will come only

in that scheme. Therefore, I do not want to answer any one of the points raised with respect to the details regarding the working of the nationalised banks.

Those who made criticisms against the L.I.C. and the State Bank of India, etc. are not present here, but I want to say this because it should go on record that it has become a fashion with certain friends in Parliament to condemn in season and out of season the public undertakings in our country. Why is it that that happens? May I draw your attention, Sir, that the torch of observation and criticism is directed only against the public undertakings? Has there ever been any committee appointed by Parliament to look into the working of the private undertakings? That is never done. And when the report of the Parliamentary Committee on Public Undertakings comes on our Tables we look into it and say—some of us— that the public undertakings are not good. Sir, yesterday, Mr. Dahyabhai Patel said that everything should be done by the Reserve Bank and the Government should not give any directions. I want to draw the attention of this House and of Mr. Dahyabhai Patel if he would hear this, that the Reserve Bank of India which was established in 1934 as a shareholding concern, was nationalised in 1948 and it is the first national financial institution which exists in our country and there is uniform appreciation of the working of the Reserve Bank from all sections of the house, and that is implied in the demand that directions should be made by the Reserve Bank and not by the Government. In 1955 the State Bank of India was constituted after nationalising the Imperial Bank of India. We have on the first floor of the Parliament House a branch of the State Bank of India working there, I believe, solely for the benefit of Members of Parliament. The State Bank of India has become very popular when compared with the other private sector banks and the reference to that effect which I made in the other House was adverted to by a friend of mine in the Congress Party. I am thankful to the Prime Minister for having collected information and repudiated the criticism which was made against me by that member. Therefore, this ingrained and deep rooted opposition to the public undertakings and the belief that the private undertakings will all work well, is something which has to be dispelled. That is a political criticism, not an economic criticism.



[Shri P. Govinda Menon]

Sir, a question was asked by Mr. Ajit Prasad Jain as to why the existing banks are allowed to continue. Because that was a matter on which some explanation is necessary, I think I should offer that explanation. These fourteen banks which are being nationalised, are corporations established under the Companies Act of 1956. They were first registered under the Companies Act. They were companies. Then, on account of the licences issued by the Reserve Bank of India to them to carry on banking business they have become banking companies. The Banking Regulation Act says that the provisions of the Banking Regulation Act are in addition to and not in derogation of the matters contained in the Companies Act. What has been attempted by this Bill is to take over the banking activities of these banks and when these banking activities are taken over, the companies continue to exist. And if we proceed to dissolve the companies also by this Bill, there may be certain legal difficulties which follow. The question will arise why in order to take over the banking business we should destroy the companies, and that is why that provision is there. Moreover, Sir, there are certain foreign branches in certain countries which nationalised banks will not be allowed to operate. We should have branches in foreign countries for many purposes, foreign exchange also will be earned thereby. Therefore, it was provided that these existing companies will continue and they can transact certain businesses.

Again a question was asked : Why should we leave the shareholders to the mercy of these companies in the matter of getting compensation? Now, Sir, these companies will have to pay whatever compensation is given to the shareholders in the Bill. One of the reasons why they should continue is to distribute the compensation and where interim compensation is paid, it will be only after a written undertaking is given that it will be distributed.

There has been, Sir, this criticism and I think that I have answered some of the questions raised by Mr. Ajit Prasad Jain. They cannot carry on trade so long as the licences granted under Section 22 of the Banking Companies Act are there. I presume that as soon as this Bill becomes law, the Reserve Bank will cancel the banking licences of all these fourteen banks and then they will have the right to carry on trade if the shareholders agree that they

may carry on trade, not otherwise. It is open to the shareholders to say, "We will not continue as a Company." Please remember that these shareholders are distributed throughout the land and when we say that Bank A or Bank B or Bank C belongs to this industry or group or that industry or group, do not forget that the shares which they hold in these companies are very limited in number. In fact that is our objection to these big banking companies continuing in the private sector. It is a business—I mean it is an arrangement—under which a few people deal with the money of the many because the money in the banks belongs to the depositors.

SHRI A. P. JAIN : May I ask one question? If you look into the constitution of these existing banks you will find that a majority of the shares are held by a few persons who are controlling the banks, and what will happen after these banks are allowed to exist is that these few controlling persons will go on utilising the money of poor shareholders in the manner they like.

SHRI P. GOVINDA MENON : I do not think so, Sir, because once the substratum of the bank is taken away, it is open even to a single shareholder to go to a court of law and ask for the winding up of the company. It is open to the shareholders to demand their money and what these persons who control the business would then do will be to pay compensation to those shareholders and try to continue. That is what they may do. When there is a shareholder who objects to the way in which the business is transacted, then, that shareholder's rights are purchased. That is what happens and here we have defined what the rights of the shareholders are. There are also provisions in the Companies Act, Section 397 onwards, where the shareholders can complain to the courts where there is oppression of a minority by the majority. Now, Sir, this Bill grants to the shareholders a certain measure of compensation and I would say that it is not open to any management to withhold the payment of compensation to the shareholders unless the shareholders agree that they will continue in the new company; otherwise, it will have to be paid.

SHRI A. P. JAIN : Where is that provision?

SHRI P. GOVINDA MENON : This is what I have to say to Mr. Jain.

SHRI A. P. JAIN : Where is the legal provision?

SHRI P. GOVINDA MENON : It is there in the Companies Act. Here the provision is . . .

SHRI N. SRI RAMA REDDY (Mysore) : Is there any difficulty to pay the shareholders directly by the Government?

SHRI P. GOVINDA MENON : There is some legal difficulty. So far as I am concerned, it is my concern to see that after having taken this great step of nationalising these fourteen banks, no legal difficulty should arise. We are taking the undertakings of the banks and the compensation has to be paid to the banks. Now the shareholders and the banks are different. We cannot pay it directly to the shareholders and so we have provided that interim payment can be made to the shareholders if the Banks agree. That is why clause 15 has been drafted in the manner in which it has been done. I can assure the House that long hours have been spent by me and the legal advisers of the Government to see that while we take this great step of nationalising the 14 banks in the private sector and bringing them to the public sector, there should be no difficulty created. That is also very important. It is not enough if we pass the Bill in the Parliament. We must see that it becomes the law and for that certain safeguards have to be provided. I tell you that this is the reason why the Bill has been drafted in the manner in which it has been done. I do not want to say anything further.

I am thankful to all the sections of the House for the support which they have given and I pray that the motion be passed.

THE VICE-CHAIRMAN (SHRI D. THENGARI) : The question is :

"That this House disapproves the Banking Companies (Acquisition and Transfer of Undertakings) Ordinance, 1969 (No. 8 of 1969) promulgated by the Vice-President acting as President on the 19th July, 1969."

*The motion was negatived.*

THE VICE-CHAIRMAN (SHRI D. THENGARI) : : I shall now put Mr. Yadav's amendment to vote.

The question is :

"That the Bill to provide for the acquisition and transfer of the undertakings of certain banking companies in order to serve better the needs of development of the economy in conformity with national policy and objectives and for matters connected therewith or incidental thereto, as passed by the Lok Sabha, be referred to a Select Committee of the Rajya Sabha consisting of 15 Members, namely:

1. Shri Pitamber Das
2. Shri Sundar Singh Bhandari
3. Dr. Bhai Mahavir
4. Shri D. Thengari
5. Shri Niranjan Varma
6. Shri Rattan Lal Jain
7. Shri N. K. Shejwalkar
8. Shri Man Singh Varma
9. Shri Prem Manohar
10. Shri Dahyabhai V. Patel
11. Shri Loknath Misra
12. Shri M. K. Mohta
13. Shri Sitaram Jaipuria
14. Shri Devi Singh and
15. The Mover, Shri J. P. Yadav

with instruction to report by the 31st day of August, 1969."

*The motion was negatived.*

THE VICE-CHAIRMAN (SHRI D. THENGARI) : The question is :

"That the Bill to provide for the acquisition and transfer of the undertakings of certain banking companies in order to serve better the needs of development of the economy in conformity with national policy and objectives and for matters connected therewith or incidental thereto, as passed by the Lok Sabha, be taken into consideration."

*The motion was adopted.*

THE VICE-CHAIRMAN (SHRI D. THENGARI) : The House stands adjourned till 11 A.M. tomorrow.

The House then adjourned at forty-five minutes past eight of the clock till eleven of the clock on Friday, the 8th August, 1969.