

[The Deputy Chairman]

remember all the calling attentions. I reject, and everybody comes at the last moment and wants to mention this and that at zero hour. Sometimes I rule it out altogether. If this sort of lapses are going to occur from my side, the best thing is that I resolve that there would be no zero hour; and do not come with these issues to be mentioned here because otherwise I will tell you, "Not today, I will go into all those things and allow you the next day." I may or may not allow you the next day. I shall be cautious from today because this sort of lapse should not occur. Two Members of the Congress side have accused that the Chair has done this and that. Therefore, from tomorrow I shall be very cautious and will not allow anyone to raise an issue at zero hour until I have gone through whatever the papers are either with the Secretariat or with me.

The House stands adjourned till 2 P.M.

The House then adjourned for lunch at three minutes past one of the clock.

The House reassembled after lunch at two of the clock. THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) in the Chair.

I. RESOLUTION SEEKING DISAPPROVAL OF THE BANKING COMPANIES (ACQUISITION AND TRANSFER OF UNDERTAKINGS) ORDINANCE, 1969 (NO. 8 OF 1969)

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

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

(उत्तर प्रदेश) श्रीमन्,

आपके द्वारा कुछ निवेदन करना है।

**उपसभाध्यक्ष (श्री महावीर प्रसाद भार्गव) :** आपने मुझ से इसके बारे में नहीं पूछा है, कृपया आप बैठ जाइये।

**श्री राजनारायण :** पहले आप हमें सुन तो लीजिये। जरा सुन लीजिये।

**उपसभाध्यक्ष (श्री महावीर प्रसाद भार्गव) :** जी, नहीं। इस बारे में कोई व्यवस्था लानी पड़ेगी कि कोई भी सदस्य जब चाहे बोलने के लिये खड़ा नहीं हो सकता है।

**श्री राजनारायण :** श्रीमन्, हमने तो आप से इस बारे में कहा था।

**उपसभाध्यक्ष (श्री महावीर प्रसाद भार्गव) :** मुझसे इस बारे में नहीं कहा गया है।

**श्री राजनारायण :** मैं समझ रहा था कि आप हमारी बात को सुन रहे थे। तो मैं आप से निवेदन करना चाहता हूँ कि आप जरा हमारी बात सुन तो लें।

**उपसभाध्यक्ष (श्री महावीर प्रसाद भार्गव) :** यह गलत चीज है।

**श्री राजनारायण :** आज सुबह जब हम अखबार में से पढ़ रहे थे तो डॉ० महावीर जी ने कहा कि तुम कहाँ से पढ़ रहे हो। हमने कहा कि हम आपको यह चीज दिखला देंगे। हम इस समय 2 रुपया खर्च करके अखबार लाये हैं।

**उपसभाध्यक्ष (श्री महावीर प्रसाद भार्गव) :** राजनारायण जी, आप संसदीय प्रथा के जानने वाले हैं और इस संबंध में बतलाने की कोई जरूरत नहीं है। अगर आप कोई प्वाइंट रोज करना चाहते हैं तो पहले उसके बारे में मुझे बतला देना चाहिये था ताकि मैं समझ सकता कि आप क्या रोज करना चाहते हैं। इस तरह की जो बात आप कर रहे हैं यह एक गलत चीज है।

**श्री राजनारायण :** सवेरे जब उन्होंने कहा कि कहाँ से पढ़ रहे हो, तो हमने कहा कि हम इसको ले आयेंगे।

**उपसभाध्यक्ष (श्री महावीर प्रसाद भार्गव) :** तो आप उनसे बात कीजिये।

**श्री राजनारायण :** श्रीमन्, आप सवेरे की प्रोसीडिम्स को देखिये क्योंकि उसमें यह चीज कही गई है। मैं इस बारे में व्यवस्था चाहता हूँ कि श्री महावीर जी ने यह बात कही या नहीं कि आप किस बुनियाद पर यह बात कह रहे हैं। उस समय हमने कहा कि हमने टेलीफोन की बुनियाद पर यह बात कही है और यह खबर अखबार में भी प्रकाशित हो चुकी है।

**उपसभाध्यक्ष (श्री महावीर प्रसाद भार्गव) :** यहां पर श्री महावीर जी नहीं हैं, आप कृपया बैठ जाइये। आपने इस बात के बारे में मुझ से पहले इजाजत नहीं ली, इसलिए आप बैठ जाइये।

**श्री राजनारायण :** आप हमें इसके बारे में बतला दें कि हमें कहने का हक नहीं है ?

**उपसभाध्यक्ष (श्री महावीर प्रसाद भार्गव) :** आप तशरीफ रखिये।

**SHRI A. P. JAIN (Uttar Pradesh) :** Mr. Vice-Chairman, when I closed my speech yesterday, I was mentioning that there were two criteria for the development of the country, namely, increasing the wealth and distributing it equitably among the people, and the Bill should be judged from these two criteria. As a humble student of politics, I gathered my tit-bits of wisdom from things which happened in India and outside, and I would like to mention an event of the United Kingdom Cabinet. Mr. Attlee was the Prime Minister and as any wise Prime Minister would do, he used to keep a Minister who could be used as a sort of ballast.

**SHRI NEKI RAM (Haryana) :** U.P. or U.K. ?

**SHRI A. P. JAIN :** I said, the United Kingdom.

**THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) :** Do not interrupt him. Let him proceed. We have limited time at our disposal and so many hon. Members want to speak.

**SHRI A. P. JAIN :** Wise Prime Ministers keep Ministers who serve as the ballast. When the Prime Minister is in difficulty, he looks towards the ballast or what we call in Hindustani as the *pasang*. Little Tom was such a Minister who used to serve Mr. Attlee as a ballast Minister. He would look at Little Tom and Little Tom would ordinarily support him when Mr. Attlee was in some difficulty or when the Cabinet was equally divided. On one occasion, the Civil Service had prepared an Education Bill and there was a controversy on the Bill in the Cabinet. Now, as usual, Mr. Attlee looked at him and asked, "What do you say, Little

Tom ?" Little Tom said, "This is a very nicely prepared Bill. It is very well-drafted. But last night I talked to my wife and I asked how she felt about it. And she said that she could not make head or tail of it."

I want the House to judge the present Bill from the reaction that it had on the common man.

**AN HON. MEMBER :** Voice of the common man ?

**SHRI A. P. JAIN :** The voice is also of the common man.

Mr. Vice-Chairman, may I ask you whether there is any single measure, since independence, undertaken in this country that has invoked as much popular support as this Bill has done ? I have talked to the farmers of the countryside round about my village. You go to the workers and talk to them about the banks. You talk to the young entrepreneur. You talk even to a beggar. And they all feel a little exhilarated about it.

**SHRI S. S. MARISWAMY (Tamil Nadu) :** A beggar ?

**SHRI A. P. JAIN :** Even a beggar. Please understand it. It has ignited hope and expectation among the people.

Now, my hon. friend interrupted me and asked "Even a beggar ?" Yes, I say, "A beggar". I include a beggar also because there is a speciality about banks. A bank with a capital of about Rs. 2 crores or Rs. 3 crores commands some Rs. 300 crores to Rs. 400 crores. And therefore, it is not a matter only of the depositors or of the shareholders. But it is a national matter in which a beggar is as much interested as one of these business tycoons.

Now, why has there been this reaction ?

**SHRI ARJUNARORA (Uttar Pradesh) :** Even business tycoons go to the banks as beggars to get overdrafts.

**SHRI A. P. JAIN :** Mr. Vice-Chairman, how has this measure ignited hopes in the common man ? The fact is that the common man has no confidence in the big business.

**श्री राजनारायण :** बिल पर बोलिये।

**श्री ए० पी० जैन :** आप इस बात को समझते नहीं हैं।

**श्री राजनारायण :** हम सब बात समझते हैं। आप तो इस तरह की बात कर रहे हैं जिससे कि आप को कैबिनेट में जगह मिल जाय। आप अपने भाषण में ऐसी बात कह रहे हैं जिसका न हैड है और न टेल है।

(Interruptions)

**उपसभाध्यक्ष (श्री महावीर प्रसाद भार्गव) :** राजनारायण जी, आप बैठ जाइये और श्री जैन साहब को बोलने दीजिये।

**श्री राजनारायण :** मैं यह कहना चाहता हूँ कि आपने किसी किसान को देखा है। मैं समझता था कि आप बुद्धिमान हैं और अपनी बुद्धि का इस्तेमाल करेंगे। मगर आप यहाँ पर अनावश्यक ढंग पर भांड की तरह खड़े हो गये हैं और फिर तारीफ करने लगे हैं।

**श्री ए० पी० जैन :** क्या आप मेरे साथ चलने के लिए तैयार हैं ?

**श्री राजनारायण :** हमने उत्तर प्रदेश में आपकी नौटंकी बहुत देखी है जबकि जमींदारी एबोलिशन हुआ था। सरकार ने जिन संस्थाओं को अपने अधिकार में ले रखा है, जैसे एल० आइ० सी० यूनिट ट्रस्ट और इसी प्रकार की बहुत सी संस्थाएँ हैं जिनकी पूँजी करीब साढ़े पाँच हजार करोड़ रुपये की है और इस तरह से सरकार के पास इस समय इनकी पूँजी है।

**श्री ए० पी० जैन :** अब आप बोल रहे थे तो हमने आपको इन्टरप्ट नहीं किया। अब आप हमें इन्टरप्ट न कीजिये।

**श्री नंकी राम :** मेरा एक प्वाइन्ट आफ आर्डर है। क्या किसी मेम्बर को यह हक है कि वह किसी दूसरे मेम्बर को नाकाबिलियत का सर्टिफिकेट दे।

**THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) :** Do not waste the time of the House, please.

**SHRI A. P. JAIN :** Now, there has been jubilation in this country. The common man had no faith in these businessmen who were presiding over these banks and they had faith in the Congress and in the leadership of the Congress, and therefore, they have welcomed this measure. (Interruptions) Yes.

**SHRI S. S. MARISWAMY :** Do not tell cock and bull stories.

**श्री राजनारायण :** श्रीमन्, कल यहाँ सेन्ट्रल हाल में क्या हुआ। मैं आप से निवेदन करना चाहता हूँ कि कल सेन्ट्रल हाल में . . .

(Interruptions.)

**उपसभाध्यक्ष (श्री महावीर प्रसाद भार्गव) :** राजनारायण जी, कृपा करके बैठ जाइये। आप कल बोल चुके हैं। आप तशरोफ रखें और श्री जैन साहब को बोलने दें।

**श्री राजनारायण :** गुन्डाइज्म नहीं होना चाहिये। कल यहाँ सेन्ट्रल हाल में . . .

(Interruptions.)

**उपसभाध्यक्ष (श्री महावीर प्रसाद भार्गव) :** राजनारायण जी, आप श्री जैन साहब को बोलने दें।

**श्री ए० पी० जैन :** मेरी स्पीच में आप दखल न दें। मैं इतना ही कहना चाहता हूँ।

**श्रीमती विद्यावती क्षत्रवर्षी (मध्य प्रदेश) :** वे अपनी आदत से बाज़ कैसे आ सकते हैं ?

**SHRI A. P. JAIN :** It has been alledged in the House that the commonman has not understood the implication of the Bill. I accept it. But may I ask one question ? When in 1931 Gandhiji started the Salt Satyagraha and in 1942 he started the Quit India Movement how many people, how many among the common men, understood the implication of those things ? And even some of his followers were opposed to it and did not understand the implications. Some of them said that the Salt Satyagraha was meaningless. It would come to nothing. About the Quit India Movement they said that that was an action of frustration. Now, the common man has an instinct. He judges a thing by what is known as the sixth sense.

He accepts a leadership and because of his faith in that leadership, he has faith in the policy of the Government and, therefore, he is giving so much support to this Bill.

Sir, yesterday Mr. Dahyabhai Patel said that with the passage of this Bill the economy of the country will collapse. I have not been able to understand this. So far as the question of nationalisation of banks is concerned, this matter is before the country for more than ten years. Since the Bhubaneswar Congress it has been very actively before the country and two years ago at Jabalpur the Congress adopted the resolution on nationalisation of banks. May be, in the intervening period the experiment about socialisation of banks was tried out. But the basic policy of nationalising banks has been very much there. During all this period nothing disastrous has happened. I quite agree with Mr. Rajnarain that nationalisation is not a very big thing. But Mr. Rajnarain is both outmoded and unscientific in outlook. He does not know that the atom, which is only a notional size, can start chain reaction which can culminate into great things for the good of man or destruction of cities and vast areas. It is an action, though small in the beginning, which I hope will set into motion a reaction which will have great consequences, I hope, for the good of the people.

**श्री राजनारायण :** जैन साहब, आप अगस्त, 1942 की किस तारीख को गिरफ्तार हुये ?

**श्री ए० पी० जैन :** 10 तारीख को ।

**श्री राजनारायण :** तो भागे नहीं । जो मागा नहीं और 10 तारीख को गिरफ्तार हो गया वह अब उस रीजोल्यूशन का कम्पेरीजन इस से कर रहा है ।

**श्री आबिद अली (महाराष्ट्र) :** तुम तो पकड़े ही नहीं गये थे ।

**श्री राजनारायण :** अपनी बदतमीजी का इजहार मत कीजिये ।

**THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) :** Please take your seat. May I appeal to hon'ble Members to conduct themselves a little more gracefully and not ask irrelevant questions while an hon. Member is speaking.

**श्री राजनारायण :** मुझे आप से बड़ी आपत्ति है क्योंकि जब इस विधेयक को तुलना 1942 के मूवमेंट से होगी तो मुझे पूरा हक है कि मैं यह बतलाऊँ कि जो 1942 में पकड़े गये वे मुल्क को . . .

**उपसभाध्यक्ष (श्री ! महारार प्रसाद भार्गव) :** अब आप बैठिये ।

**SHRI ABID ALI :** On a point of order. Sir, why do you say "Members" when he alone is interrupting ?

**SHRI RAJNARAIN :** I know the implication.

**श्री आबिद अली :** तुम तो जेल ही नहीं गये थे . . .

**SHRI A. P. JAIN :** I was in jail for three years in the 1942 Movement. I want to know where the hon'ble Member was and for how long he suffered jail.

**श्री राजनारायण :** मैं जानता हूँ कि आप कब पकड़े गये और कब तक जेल में रहे । मेरा केवल प्वाइंट यह है कि जब 8 अगस्त को प्रस्ताव पास हुआ तो बहुत से लोग बम्बई में गिरफ्तार हो गये और बहुत से लोग रास्ते में फोन कर के अन्दर चले गये । 1942 के मूवमेंट को तो मैं जानता हूँ . . .

**श्री ए० पी० जैन :** क्या जानते हो, तुम तो भगोड़े हो ।

**श्री राजनारायण :** 1942 के मूवमेंट को शुरू करने के बाद हमने कहा कि हम इसकी शेष बदलेंगे (Interruptions) तुम क्या हो । न पिढ़ी न पिढ़ी का शोरबा ।

(Interruptions)

**SHRI A. P. JAIN :** Mr. Vice-Chairman, I now come to the text of the Bill. I think, by and large, the Bill has been properly drafted. It has been said by some hon'ble Members that no period of preparation had been allowed. My contention is that in preparing this Bill full consideration has been given to protecting the existing transactions of banks and their relationship with the customers. The entire staff

[Shri A. P. Jain]

at present working in the banks has been taken over for the working of the new banks. The person who was working as the chairman of the preceding bank has now become the custodian of the new bank because the Government do not want to give undue shake-up to the banking system which is very sensitive. Therefore, this scheme has been adopted and I fully support it.

Yet there are some weak points which I would very respectfully like to point out to the Law Minister. Firstly, it has thrown the small shareholders of the existing banks to the wolves, to the very persons whom he considers unfit to manage the banks and from whom the entire business has been taken over. Why do I say so?

Sir, I make a reference to clause 6(6) where it has been laid down :

"...any existing bank may ... apply to the Central Government for an interim payment of one-half of the amount of its paid-up share capital and thereupon the Central Government shall, if the existing bank agrees in writing to distribute the amount so paid to its share-holders in accordance with their rights and interests, pay the same to the existing bank ..."

It will be obligatory upon the receiving bank to distribute the interim compensation equitably among the shareholders.

In connection with the payment of full compensation, I refer to sub-clause (1) of clause 6; there is no obligation upon the bank to distribute the compensation among the shareholders; a condition which has been laid in sub-clause (6) has not been laid down in sub-clause (1).

Now what are the existing banks to do after the new banks have come into existence? Sub-clause (2) of clause 15 provides that they can carry on business other than banking business. That is, they can carry on trade. They can function in different capacities. Section 8 of the Banking Companies (Regulation) Act completely prohibits the banking companies, to enter into any other business. Now, under section 6 of the Banking Companies (Regulation) Act, the banking companies are allowed to do other business only to the extent that it is ancillary to their banking business. For instance, in connection with realisation of a loan

if a bank acquires some moveable or immoveable property or it gets a business, then it can just dispose of those properties or business. But they cannot enter into business independently. The Law Minister has given to the existing banks the right to carry on business, a power which they did not possess when they were doing their regular business.

Mr. Vice-Chairman, every one of us knows the constitution of these banks. A majority of shares in these banks are held by a few businessmen and it will be upto them to convert the existing banks into investing companies to the detriment of the small shareholder or to start new business. Now I may be told that it will be up to a shareholder to go to the High Court and ask for the repayment of his share money. But we know that holders of one, two, ten or fifteen shares are too helpless to go to the High Court. So I would like the Law Minister to state before the House in unequivocal terms whether he has not bartered away the interest of the small shareholders in existing banks and put them at the mercy of big businessmen, who will be controlling the existing banks.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : It is time to wind up, Mr. Jain. You have taken 23 minutes.

SHRI A. P. JAIN : I want only two or three minutes more because I want to make out a legal point.

Mr. Vice-Chairman, there is another sub-clause in clause 15. Clause 15(2)(d) says :

"carrying on the business of banking in any country outside India if under the law in force in that country any bank, owned or controlled by Government, is prohibited from carrying on the business of banking there;"

There are a few countries, for instance Indonesia, where State-owned banks are not allowed to operate. I thought that the scheme of the Bill was when the business of the existing banks had been taken over, the compensation received by them would be distributed among the shareholders. In fact, there was a talk in the other House, I think, initiated by the Law Minister that the shareholders may be paid compensation direct. May I ask the Law Minister how it is worthwhile for one or two outside branches to be operated by these non-existent banks?

There is another lacuna. All the officers and employees of the existing banks, irrespective of the fact whether they are working in a branch in India or abroad and whether they are working in a country where banking operations by State-owned banks are prohibited, shall become the officers and employees of the new banks on the passing of the Bill. Now, how are these banks to function? The position after the Ordinance is that all the staff of the existing banks in a country where State banks cannot operate has become the staff of the new banks. The employees of the new banks may be working for the existing banks under a mistake, but the anomalous position may give rise to serious difficulties. The proper course would have been to wind up these branches because the State-owned banks cannot operate there and these banks are simply not in a position to operate.

There are two small points, legal points again, to which I would like to draw the attention of the Law Minister. I was referring to clause 15. Sub-clause (2)(d) says that in places where the State-owned banks are not allowed to operate, these banks may carry on the business of banking. But sub-clause 2(e) prohibits them to do the business of banking. These are two contradictory things. One clause says 'no banking business' and the other specifically authorises them to carry on the business of banking in certain places. This again is a drafting error and I will suggest to the Law Minister to consult his officers and see whether this contradiction will not be removed by introducing the words "the business of banking in India."

There is another mistake in clause 12(2) which refers to the Advisory Board. It says that the Advisory Board will be "elected in such manner and by such authority as may be prescribed." Now, an authority never elects people. It may nominate. Actually what the Bill intends is that Members will be nominated. In another clause, referring to the Board of Directors, the words used are "elected or nominated." So I think this is again a mistake.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : I am afraid you will have to wind up.

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SHRI A. P. JAIN : I shall wind up. Now this measure has raised great hopes among the people, particularly among the farming classes and the small entrepreneurs, among those who have got the skill but not the property to give as security. Human skill and human material are the biggest asset of the country and it is unfortunate that we have not been making the best use of it. Now, various pronouncements have been made—there is nothing specific in the Bill—and especially the Prime Minister has given assurances that the funds acquired by the new banks will be used for the benefit of the farmers, for the benefit of the small entrepreneurs and for the benefit of people who have skill and capacity to run industry but do not possess property to give security. It is a good thing, a very desirable thing, and it has raised the hopes of the people. Now, the Government has taken a heavy responsibility upon itself...

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : Please realise my responsibility also.

SHRI A. P. JAIN : I am finishing. They have taken up a heavy responsibility and I trust that active steps will be taken to discharge it.

A last word about the employees. The entire staff of the old banks has been taken over and much of the functioning of the banks will depend on their efficiency and good behaviour. I do not say that any of these employees should be discharged, but a strict watch should be kept over the working of the banks that they do not deteriorate into bureaucratisation or into rigidity. I trust that proper care will be taken and that this Bill, which is a very laudable measure, will be implemented in a proper manner, for much depends on how it is implemented.

SHRI M. R. VENKATARAMAN (Tamil Nadu) : Mr. Vice-Chairman, Sir, I welcome this measure. I consider this as a step in the right direction in the situation in which we are to-day. I do not think the Bill has come a day too soon. But I am very anxious that this Bill, after being passed into law, should be followed up by certain further measures which will ensure, in implementation, the actual realisation of the objectives which the Bill has claimed. It is with that view that I would like to make some suggestions, though I would like to be very brief and save time, if possible. But

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nothing that I say by way of suggestions or criticism need detract from the whole-hearted approval and support I give to this measure. My only concern is that things should not be done half-way or half and half. I am reminded of a Tamil proverb where we say that jumping half the well is no improvement on jumping a quarter of the well, and even jumping three-quarters of the well is no achievement. If you do not have to cross it, do not go near the well at all. But if you do have to cross it, then jump clean across it and let nothing stand in your way.

Now, naturally while welcoming the Bill, I do not want to go into the superlatives which my esteemed friend, Mr. Chandra Shekhar, indulged in this morning,—calling this a very historic occasion and all that.

SHRI AKBAR ALI KHAN (Andhra Pradesh) : Yesterday.

SHRI M. R. VENKATARAMAN : All right, let it be yesterday. My point is, what were you doing for the last two, three, four or five years ? Should you not have thought about it quite some time ago ?

SHRI JOACHIM ALVA (Nominated) : Social control.

SHRI M. R. VENKATARAMAN : Yes, you wanted social control and much time was wasted. As I have said and as I would like to say again, let me not be misunderstood; let not what I say by way of criticism or by way of pointing out defects be understood as detracting from my support to the measure. I am happy this measure has come at least now. But let me make it clear that nationalisation of banks is not socialism, nor does nationalisation of banks do away with monopoly. Many capitalist countries have also gone in for nationalisation as many friends in this House know. Two decades ago France, for instance, went in for nationalisation of banks and yet France has not gone socialist, nor has monopoly been subdued in France. Therefore, when all this talk of something extraordinary and revolutionary having been done goes on, I would like to wait and see if it is firmly followed up with further steps. I want further steps to be taken. Nor do I want to be taken in by all this talk of Socialism and Communism and other things being attributed to this measure. Where is socialism in this ? After all, in passing, I may say that

socialism as a scientific concept means two things, both of which are absent here. The two key things are public ownership of the means of production and production for use and not for profit. Now, steering clear of these two basic concepts, everybody talks of socialism, socialistic pattern, socialistic society, everybody having a fair deal, this, that and what not, trying to distort what obviously is an extremely precise science, i.e. socialism. All right. This is not the time to talk about all that. That will be on some other day. But I am very anxious that while I say this is really a step in the right direction, they should not stop with that. Having pointed out that nationalisation of banks is not socialism, that nationalisation of banks leaves capitalists as they are substantially, that nationalisation of banks even allows the monopoly to exist and flourish even as it does in France, they should not stop with that. That is what I am worried about. Mr. Jain was at pains to say that this has now brought a large measure of popular support. All right. But then friends like Mr. Jain should not support this measure only because it has come about as a virtue of necessity. Anyway, it has come now, all right. Only a few months ago you were talking of social control of prices and you have forgotten all about it. So, it is not a question that there is a logical continuity or rather a logical thinking about all these things. But once you decide about that, please do not underrate the power of our big business, our big banks. Even now a very big battle is still to be fought before this enactment achieves for our people what it seeks to achieve, so necessary for our people, so necessary for our entire country. Our big business, like big business anywhere else, is not going to take things lying down. It is the strength of the common man alone that can help us. He must be roused, and I am sure he will be roused. He is already saying that he appreciates this measure and his appreciation is evident by the enthusiastic response he is giving to it. As Mr. Jain pointed out, it is they who can make this measure a success. Can anybody deny that even our hesitation to accept this nationalisation is also because of our bitter experiences of what the public sector and nationalisation in our country has meant ? Can we forget what is happening to the LIC ? Can we forget how badly it is being administered ? Can we forget how badly many of our public sector undertakings are functioning ?

Therefore, people are naturally anxious and are worried. I am not here talking about those who are not for the public sector at all, who really want only free enterprise and so on and so forth. But I am really concerned about those whose opinion has to be respected, those who have the example of the LIC before them. Where does all its money go? What does the enquiry report on that say? It says that 56 per cent of its money went into big business. That is where it went. So, will not people ask now that these banks are being nationalised that even after nationalisation, with all the money in the Government's hands, whether this money will not again go and serve the Tatas, the Birlas, the Mahatlas and their kith and kin? That is why I say this Bill is only a beginning, a very good beginning, a firm beginning. It must be got followed up by further steps for which suggestions are already there in some measure in the Bill, and we can improve it with amendments and so on and so forth. We must remember that so long the funds of the LIC, the funds of the Industrial Finance Corporation, the funds of the UTI, the funds of the International Development Fund, and so on and so forth, by and large, went into the big business. This is not a secret to this House. We have debated this on so many occasions and it is not necessary for me to give facts and figures of all these matters. That is why we have to be very careful.

I cannot help mentioning, if the House will kindly bear with me for a minute, the remark of a former learned Chief Justice of the Madras High Court in a case with which I am familiar. In one exquisite sentence he described the difference between a money-lender and a banker: A money-lender is one who lends his own money and a banker is one who lends other peoples' money.

I do not want to tire you with figures about these bankers. In short I may tell you. Their investment will be Rs. 28 crores, but they will be handling nearly Rs. 2,800 crores of deposit money. I am not exaggerating. I am very near the mark. I am giving you only by way of an illustration. So, whose money is it? It is the depositors' money. I will give another instance. In 1965 the total bank advances were, let us say, Rs. 2,095 crores—they were actually some 2,094 odd crores of rupees. Out of this, the advance to industry was Rs. 1,287 crores, to commerce Rs. 536 crores and to agriculture

Rs. 3 95 crores—Rs. 3 95 crores to agriculture out of the total bank advances of Rs. 2,095 crores. That is 2 per cent only to agriculture. I can understand Mr. Jain feeling concerned that agriculturists are not being properly helped with advances. But do you think that they will get anything if the banks are still in the hands of these few gentlemen without the Government doing something about it, with all the defects of the banks? If the banks are in the hands of the Government, we can at least criticise the Government. We can haul up the Finance Minister over the coals and ask him questions. We can make suggestions. But who can ask these few people when they have the full liberty of spending the money as they like? That is why I say that these fourteen major banks should be nationalised under this Bill. They had 65 per cent of the total bank advances, and the other 44 banks—both put together total 58 scheduled banks—had 35 per cent of the advances. Again out of these 58 scheduled banks these fourteen banks which are now listed to be nationalised, controlled 72 per cent of the total deposits. I am talking of the year 1968. And the other 44 banks had 28 per cent. So, is it any wonder that by natural instinct you have to go and nationalise these fourteen banks first? They are just asking to be nationalised by the way they are handling the deposits, by the way they are using the money, by the way they are using even other Governmental institutions for expenditure in any way they like and not necessarily for furthering national interests. We cannot do anything for our country without these funds being in the our hands, without these funds being in hands of the Government. The Government may be of this party today and it may be of another party tomorrow. That is not the point. But at least our Parliament, our Government, the representatives of our people, will be having a say in the expenditure, in the allotment, in the use, in the utilisation of this money. All the amounts, as things stand today, are being spent only at the sweet will and pleasure of just a few people.

I have only to bring to your notice a fact which you also know already and I must express my worry that it is not any use merely by passing this Bill to finish this hold of monopoly in our economic life. Each one of them has a bank. The Tatas have the Central Bank and the Bank of India, the Sahu Jain the Punjab National Bank, the Birlas the United



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Commercial and then the Bank of Baroda run by a consortium of the Tatas, the Birlas, the Khataus and others. So it is not as though they are absolutely helpless. They have had a high and fine time for 20 years and more after we got independence. Now at the slightest mention of a small restriction which really, if you remember the example of France which I have given you, is not going to be any restriction at all, unless the people are going to be aroused, unless the administration of these banks are going to be done in a way which is going to be completely different from the way in which our public sector industries are run, in which we, as Parliament will have a say in how it is going to be administered, and can give directions no advance is possible. I think that is a thing which really we ought to feel strongly about.

I will wind up only by suggesting 2 or 3 amendments by way of strengthening this Bill and if not strengthen the Bill, at least strengthen the objectives which the Bill has in view. I would like the minimum for nationalisation not to be Rs. 50 crores but Rs. 20 crores. Ours, barring the millionaires, is a poor country and even Rs. 20 crores is a sizable sum, not a small sum. A bank with Rs. 20 crores is not a small affair at all. It is not Britain, or America or France or any other country. I dare say that from the Government side it will be explained why it is not possible to go down to Rs. 20 crores. Probably it might mean other difficulties. I do not know but that is one of the amendments which I have given to this Bill. Then I am for the bringing in of the foreign banks also into this. Even as it is, the National City Bank, the Chartered Bank and the National and Grindlays—these three—between themselves have enough by way of a nucleus and to grow into bigger danger.

AN HON. MEMBER : Why do you look at this side ?

SHRI M. R. VENKATARAMAN : Are you afraid ? Are you feeling guilty ? All are the same to me. You can give any facts. I will not fight shy of it. Let it come from any part of the globe. The bringing in of foreign banks is another of my suggestions by way of amendments. Thirdly, about compensation, it galls me quite, when you say that house buildings and all that get the quoted market value. What a huge amount we will have to pay

by way of compensation. We cannot afford it. Is it fair to put that entire burden on our people ? I would suggest that the book value of the thing should be taken and not the market value. It may not be quite so with respect to shares where perhaps the market value may have to be taken into account but in respect of assets, by way of giving market value for all the old buildings or property acquired—God knows when they were built—at to-day's prices will be something terrific. So the question of compensation has to be very seriously gone into and no more than what is reasonable should be fixed.

Lastly I would suggest that the people should be more and more associated in appropriate ways through elected representatives or through their organisations in the administration of these banks. There is an indication of it in the actual Bill before us. I would like that to be concretised much more which I expect will be done when we take up the discussions further but I again say this and I wind up on this note that having brought this Bill, unless the further steps to ensure the implementation of its provisions are seriously and firmly taken, there is every danger of the thing being either sabotaged or being shelved. It is not as easy as all that and I think the process of mobilising the people behind this measure should go forward still further so that as a national measure, as a national need, the value of it is seen and people are convinced that it will not be run like some of the badly-run public sector industries but that it will be run in the interests of the people. The more that conviction goes out from our deliberations and from the stand of the Government, the larger will be the response the people will give and I particularly wish to stress that the employees of the banks should be now conceded their fullest rights and roused to give their fullest cooperation in seeing that this is implemented in the way that would benefit the people at large.

SHRI S. N. MISHRA (Bihar) : This is potentially, to my mind, a good socialist measure but whether it would actually be so is a challenge to all of us and more particularly to the Government. For, Mr. Vice-Chairman, there can be nationalisation with socialism and there can be nationalisation minus socialism. We have a concrete example; we have been hearing in this House from day to day how licensing has led to the concentration of economic power and monopoly. Licensing is essentially a socialist measure

and yet it has led to concentration of economic power and monopoly. Now we have almost all the commanding heights of the economy under public ownership and control. We have a fairly large chunk of industry in the public sector. We have the commanding heights in steel, power, transport, irrigation and even in foreign trade. We have all the fiscal and monetary instruments under our control. I can give other examples. And yet why are we not making sufficient progress towards a socialist order? The only conclusion that we come to is that we have to build men who can run these institutions on socialist lines. If attention is not paid to that, I think we would be in for grief.

Now, Mr. Vice-Chairman, this is, indeed, such a crucial measure affecting the most vital sector of our economy that all the cautionary remarks or the warnings that the hon. Members of the House might give, or all the caveats that they might enter, would indeed be necessary, though at the same time we would require that there should be complete support for it. Undoubtedly, if there is any trouble arising out of nationalisation in this vital sector of the economy, that would get reflected in a crisis the rumblings of which would be heard on the Mars. Inefficiency in this sector is bound to get reflected in all other sectors. So we have to be extremely careful about this.

Now, the second point that I would like to make Mr. Vice-Chairman, is that this measure is, in a sense, not a new measure, unknown to our party. This has been in the armoury of the Congress for a long time, and even the social control measure, about which not much was said from the Government side, was a step in that direction. The social control scheme had not eschewed nationalisation. It had been said that if some units or any unit did not fall in line with the social and economic objectives those units or that unit would be nationalised. That point was clearly made. But the Government spokesmen, have not taken the trouble to tell us why it was necessary to switch over from social control to nationalisation. Some arguments have, no doubt, been given, but I must say that more effective arguments could have been given about this switch-over from 'social control' to nationalisation,—the 'social control' to which all of us had pledged ourselves in both the Houses. We had pledged ourselves to the measure not because we

were unthinking persons. The social control had not failed; and yet I think that there is justification for going in for nationalisation. That point, I must say, could have been made with greater effectiveness than had been done by the Government spokesmen.

Now, Mr. Vice-Chairman, this measure, as has been pointed out by some other friends, is not going to bring about, in the first instance, any great change in the distribution of national income because, if compensation of the order that is being worked out at the present moment is paid, then only the profits would get converted into interest. And, may be, the interest that the owners of these Bonds would get would be of a higher order than the order of profits that they have been getting from these banks. Earlier it was so, urged that the special feature of social control was that it was in a sense nationalisation without compensation. This is a point which ought to be borne in minds. So far as I have been able to get an estimate of it, the interest that would accrue to the owners of the Bonds would be of the order of Rs. 6 crores, while the profits that they have been getting at the present moment are only of the order of about Rs. 4 crores or so. And yet I say that this measure has got a great socialist potentiality, for it would place, along with the State Bank of India, 85 per cent. of the deposit resources of the country in the hands of the State. This would give considerable powers to the State to plan the credit resources of the country in an effective manner. But let us not forget that even after nationalisation these banks will have to function under certain constraints imposed by the basic economic situation in the country. And those constraints must never be absent from our mind. Therefore, when many persons go into raptures over this, a kind of complacency seems to be created—a complacency that there is now no need to mobilise additional resources for the Fourth Five-Year Plan. I feel a little aghast at this because the greatest danger that lurks in the present situation is that such complacency is indeed sought to be fostered. Therefore, I would urge that the greatest duty of any socialist in this country should be to save this great measure from unthinking persons, who have been propagating all kinds of advantages that would accrue from this measure. It seems to me that a kind of impression is being

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created that a millennium has come. Let us save this measure from this "millennium has come" approach, and let us all be quite clear in our mind that this is not a 'kamdhenu' which is going to yield immediately all the resources that would be required by the socially necessary sectors. That being so, I should say that this measure requires the utmost caution and care in its implementation. I, therefore, would like to stress that, if the aim of nationalisation is, as it is rightly being made out to be, that we should make available more resources to some of the socially necessary sectors, the only hope or, I should say, largely the major hope lies in the mobilisation of additional deposit resources. And that probably could be the most potent gain of nationalisation of banking institutions. If banking were completely in the private sector, it would not have spread its network in the rural or the semi-rural areas, because they would be commercially unattractive. Nationalised banking of course would have the power and also the interest in going to these areas. So, I would stress that in the mobilisation of additional deposit resources lies all the hope for the kind of projects that we have in our view. And Mr. Vice-Chairman, in our country, the deposit resources are all very meagre. While in other countries the deposit resources have been 45 to 80 per cent. of the national income, in our country it constitutes only about 15 per cent. of the national income. Therefore, much depends on what we can possibly organise on the basis of our administrative capacity.

But it is depressing to note that the Bill does not say anything about the opening of new branches. Now it may sound somewhat strange, but I must say that the Banking Bill should have mentioned the approach to opening of new branches. I would like to remind the House that in the State Bank of India Act itself it was mentioned that during the course of the first five years there would be an effort made to open about 400 branches. But there is no such indication in this Bill. I should think that the real stress should have been laid on the opening of new branches and that there should have been a concrete programme for the expansion of banking in the unbanked areas. But that stress seems to be missing. I would therefore urge that even at this stage the Government should think it fit to accept

an amendment or to move an amendment to include this aspect of the matter. There should be a kind of a five-year target for the expansion of branches and, if possible, for deposit mobilisation too. Unless we mobilise these resources,—I must say—all our hopes, I must say, would remain on paper and that the measure would not mean anything at all to the people.

Now in this very connection I would also like to say that there should be a special fund created for writing off the losses that might result on account of the opening of the new branches. This was what was precisely done when the State Bank of India came into being. As a special fund was created for that purpose then, now also we can lay down that out of the profits of the 14 major nationalised banks a fund would be created to subsidise the losses that would result from the opening of the new branches. If we do that I have no manner of doubt that banking would spread at a great speed in many of the areas of the country, which are not looked after at the present moment.

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Now, Mr. Vice-Chairman, I would like to stress that at this stage the growth of deposits in the nationalised banking sector may face the danger of not increasing appreciably because of certain loopholes that the Government has left in the Bill. The loopholes precisely are these; we leave completely untouched the small banks; we also leave completely untouched the foreign banks. I am not urging that you should have nationalised the foreign banks at this moment, I am only pointing out the loopholes and some of the loose ends in this Bill. You are also leaving completely untouched the non-banking operations which might increase. Then the non-scheduled banks are not amenable to any kind of control. So there is a possibility that resources might be diverted into those channels not amenable to control. What precisely the Government proposes to do in this matter the House would be very much interested to know. Otherwise, I must sound this warning that the deposit resources of these banks which are taken under our care might not grow at all and that is a very frightful prospect.

Now, another serious danger, Mr. Vice-Chairman, which lurks in the public mind is that these banks which must run largely as commercial enterprises like

any other public undertakings are apt to be exposed to political manoeuvres. This is one of the real dangers. Particularly in the kind of political conflagration in which we are functioning, this danger cannot be ruled out very easily. So far as I can see, this political influence may work in the following ways. Firstly, political considerations may be brought to bear on the appointment of the Chairman and Directors. Secondly, pressures on managements might be brought for the benefit of political parties. Thirdly, pressures on management might also come from the State Governments to purchase their securities or for investment in their respective areas. Now if such influences work and the nationalised banking system which controls 85 per cent of the deposit resources becomes victim of political pressures and manoeuvres, the banks will cease to function as commercial organisations, depositors' savings will be exposed to risks of insecurity and the depositors will cease to get efficient service from the banks. How precisely do we want to tackle these problems? To my mind, they can be tackled in two ways and I can not think of anything besides them at this stage. The first thing that could be done is that the Chairman of the banks should be professional bankers who have long experience of banking business. Secondly, the directions to the banks should not come directly from the Government. They should come from the Reserve Bank of India, an independent and autonomous authority, and the directions must always be given in writing. They should not be oral or on telephone.

Allied to this problem, Mr. Vice-Chairman, is the fear of bureaucratisation which is no less in the mind of the public. This measure throws nearly the whole of the banking sector into the lap of the bureaucracy. What does clause 11 say? Clause 11 says that directions will be given by the Central Government in consultation with the Governor of the Reserve Bank of India. Now what is Government—except for the political element in it—the citadel of bureaucracy? If so, it would mean that this strategic area would also be placed under the whims and caprices, woodenness and rigidity of the bureaucracy. To prevent that I would suggest that there should be a National Banking Council just as there was a National Credit Council to lay down the policies, programmes and priorities and the Reserve Bank of India should

be the agency to implement them in the way it has been doing all the time. I really do not know why such a machinery has not been suggested in this Bill. This National Banking Council should of course be chaired by the Finance Minister and it should consist of members representing various sections of the economic community including the Reserve Bank of India, the Planning Commission and financial institutions.

While on this point I would like to stress that it is very welcome that stress has been laid on public interest, in this Bill.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : I would like to lay stress on the time also.

SHRI S. N. MISHRA : I would crave your indulgence for a few more minutes; I am going to end very soon.

As I said, it is very welcome, Mr. Vice-Chairman, that there is stress laid on public interest. But 'public interest' can be capable of so many kinds of interpretation and therefore I would like it to be joined to 'business principles'. When the Imperial Bank of India was nationalised, it was specifically provided in the State Bank of India Act in section 17(2) that the Central Board in discharging its functions shall act on 'business principles' regard being had to 'public interest'. This Bill makes no reference at all to 'business principles'. 'Public interest' must therefore be joined to 'business principles'. This can be achieved by allowing these banks to function in a competitive manner in mobilising more resources, in giving credit and undertaking all other banking functions.

Now one of the main objectives, Mr. Vice-Chairman, is that there should be release of resources for certain priority sectors of the economy like agriculture and small-scale industries. But unless certain pre-conditions are established, agriculture cannot get more, nor can small-scale industries get more. I shall give you one example. The repaying capacity of the farmers cannot be assessed with any amount of certainty because of the vagaries of the monsoon. How to deal with this would be the problem confronting the banks. Therefore I think that unless this measure is accompanied by a scheme of crop insurance, all this hope of giving more resources to the agricultural sector

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cannot materialise at all. Similarly, with regard to small-scale industries and other sectors also we will have to create certain conditions in which the banks will find it possible, without exposing themselves to undue risks, to advance more to those sectors.

Finally, Mr. Vice-Chairman, I would like to say that we must capitalise on this situation and particularly on the kind of climate that has been generated in the country. And we can capitalise on this situation which is characterised by social awareness and enthusiasm by entering into long-term agreement with bank employees for keeping the establishment expenses under control so that they do not make serious inroads into the social profit and ensure harmonious functioning of the banks. If the Government fails to do that at this stage I am sure that we would be in for serious trouble. I am told that if the emoluments and the salaries in the Bank of India are going to be applied to other banks, probably the wage bill would swell by no less than Rs. 25 to Rs. 26 crores and that would be nothing less than a disaster. Let the Government put it to the bank employees who seem to be in a state of euphoria at the present moment—some others also who can help seem to be very enthusiastic—that there should be a kind of a long-term agreement extending for five years or so by which time probably these banks will have established themselves.

With these words I thank you, Mr. Vice-Chairman.

**SHRI JOACHIM ALVA :** Mr. Vice-Chairman, I would again reiterate that we should neither under-estimate nor over-estimate the importance of nationalisation of banks. I would reiterate and pay compliments to the hon. Prime Minister for having achieved the boldest step forward in the economic history of India since independence. It is worth for all that it is worth. We shall neither under-estimate it nor over-estimate it, as my hon. friend, Shri S. N. Mishra, has done. There has been wailing and gashing of teeth in the camp of the monopolists. That itself is proof of the soundness of this measure and they cannot put the clock back now. The old days are gone and a new era on behalf of the people is being ushered in.

Now, Sir, I want to mention about the rampage of the closure of some of the banks in the past. I want also to mention about

the way big business has functioned in regard to their own banks. I want, once again, to stress the human values and I want to condemn bureaucratisation of banks which may arise as a result of the nationalisation of banks and which is already existing in some of the public sector bodies. We have passed through the first stage and soon we shall face the next stage when this Bill is passed. That is the most important and serious stage. We have also passed some Draconian legislation in regard to the bank employees who will go on strike by the recent amendment of the Banking Act. No bank employee should henceforward be thrown out of employment. They shall neither be jailed, nor lose their jobs, nor shall they be out of their houses, but they shall perform their duties patriotically and strive their utmost as disciplined soldiers of the nation. Strikes in banks will be things of the past and for the next ten years at least there should be complete peace in the banking sphere. We should abrogate or suspend whatever hard measures we have passed against the bank employees hoping that they will read the signs of the times by this act of nationalisation and render a better account of themselves. We must have long term plans in regard to the conduct of bank employees. I remember walking into one of the foreign banks in New Delhi about ten years ago when I saw the employees sitting on the tables and shouting. I said : Look, I handled the first Air-India strike in Bombay when I locked up the strikers till the early hours of the morning and produced a settlement. In another strike, the then Home Minister of Bombay asked me to keep my hands off the strike. I remonstrated with the bank employees in Delhi and told them that they should not damage the discipline in a bank by shouting and demonstrating in that manner. They were angry with me for advising them in that way. I asked them to discuss the matter with me, but they wanted me to come to a public meeting and argue it out with them, which I did not do. What I mean to say is that the bank employees must impose discipline on themselves, impose a self-denying ordinance. The banks will have to look after their welfare infinitely more than it has done hitherto, especially in regard to housing.

Now, I want to come to the rampages of the closure of some of the banks. During the last twenty years the Travancore Bank was closed down by one of the ablest and cleverest men of Hindustan, the late C. P. Ramaswami Ayyar. His animosity

was so malignant that he closed down the bank and jailed its directors, but ultimately the bank paid fifteen annas or even sixteen annas to the depositors. It was one of the most malignant, evil-minded acts in the history of banking in India. We shall not allow our social or personal prejudices to come in the way of banks.

Then Shri C. D. Deshmukh was always angry with me whenever I raised the question of the Exchange Bank of India in Parliament. The managing director of that bank took away Rs. 80 lakhs by means of forgery, though the Headquarters of the Reserve Bank of India were not even a thousand yards away from the headquarters of the Exchange Bank of India. It was a gross act of negligence and lack of superintendence on the part of the Reserve Bank of India. There is nothing against the personal integrity of Shri Deshmukh, but effective and ruthless supervision was lacking. The late Dr. John Matthai, who was his predecessor as the Finance Minister, told me once that Shri Deshmukh was very touchy on this subject, though I assured him that I had cast no reflection on his integrity at all. Then, what happened to our credit in Africa? Our credit, especially amongst our own Indian brethren in Africa, was shaken to its foundations. Then, the Government of India had to go to the rescue of our people by paying them compensation. Due to the fraudulent acts of the Exchange Bank of India, no Indian could go there with any venture, enlisting their financial support. These are things of the past. Such things may happen again and the banks under the nationalised scheme must guard themselves against these dangers. The Reserve Bank should tighten their superintendence and direction on all banks.

Then, what happened to the rampage of big business? The doors of the Punjab National Bank were opened even on a holiday. Its Chairman was Shri Bajaj, a Member of Parliament. Shri Ramnath Goenka was also its Chairman. He is a newspaper lord. He is a jute millowner and what not. He is holding a big conference here today on jute affecting the jute labourers of Calcutta. He has put up sky-scrapers in Delhi, Bombay, Bangalore and Madras and in Bangalore, the then Chief Minister Shri Nijalingappa, now the Congress President gave him a rich slice of land near the Secretariat for a pittance. Now, the doors of the Punjab National Bank were kept open under the benign kindness of the then Finance

Minister. I want to know how many runs have been effected by the public on Birlas' United Commercial Bank and on the Punjab National Bank of which Shri Shanti Prasad Jain, now under prosecution for penal offences was once the Chairman. We should have a record before us. Such things should never, never happen, under any circumstances, in future in the nationalised banks, under the superintendence and control of the Government.

My friend, Shri Mishra, talked about political pressures. I think he should become the Chairman of the Reserve Bank and I hope in that case he will behave impartially, objectively and efficiently. He forgets that these banks hitherto have done nothing for the ordinary man, especially young entrepreneurs, our youngsters who are qualified, our patriotic youngsters who return qualified from foreign countries. They have excellent industrial schemes for electronics, aeronautical engineering and what not. Where is the young man who can deposit 25 per cent advance on a scheme costing Rs. 2 lakhs, Rs. 3 lakhs or Rs. 5 lakhs? How can they produce one-fourth of the cash? Their father's patrimony has already been exhausted on their education. There are hundreds of such honest, good, patriotic and dynamic young men wanting assistance to put up small or moderately big industries. Their plans are sometimes stolen by big businessmen. The ideas in the applications for licences are stolen by big business through their representatives in the Commerce Ministries even through their typists. Genuine applications are delayed or suspended and they finally feel into the laps of the industrialists. Now, this process should be stopped ruthlessly.

Now, I shall come to the human element. I come to the Reserve Bank of India and I am talking with facts. When I mentioned it in the Lok Sabha, our late esteemed friend, Pandit Thakurdas Bhargava, was in the Chair. He stared at me like this and the very facts I shall narrate again. Let us go to the first Indian Reserve Bank Governor, Shri Deshmukh, a very excellent and charming man and who is standing for the Presidentship. The second Governor of the Reserve Bank was Shri B. Rama Rau. They were both neighbours at Cumballa Hill. If one's wife said 'Hello', the other also said 'Hello'. I do not mean it in any

[Shri Joachim Alva]

bad sense because they were the closest neighbours on Carmichael Road. How did Shri Rau become the second Governor of the Reserve Bank of India? I was at a party in honour of the last Governor-General, Shri C. Rajagopalachari, in Bombay. I do not mean anything malicious. When the news of Shri Rama Rau's appointment was announced, everybody looked up and wondered as to the capacity he possessed to become the Governor of the Reserve Bank. How did it happen? It happened because Mr. Deshmukh and Mr. Rama Rau were neighbours. The first Indian Managing Director of the State Bank of India was Mr. Handoo, the brother-in-law of Shri B. Rama Rau, who was then the Governor of the Reserve Bank of India. How did this blood connection coincide? Now, when the third Governorship was being considered, Shri Raghavan Pillai was tipped as the successor to Shri Rama Rau, because Shri Deshmukh and Shri Pillai lived under the same landlady's house in London, in England, and both married English ladies. My foot! I know more about banking than Shri Pillai at least through my overdrafts. We kicked up a row and the appointment was cancelled. I wrote a long letter to our late Prime Minister Jawaharlal Nehru, and demanded that no one shall be appointed to any high office without the knowledge of speaking or reading one Indian language and Shri Pillai would not even talk in his mother-tongue, Malayalam. The fourth Governor, Shri H. V. R. Iyengar, would not talk to me in Kannada, during the Quit India movement when he was the Home Secretary to the Government of Bombay. I had often trouble with my "Forum" editorial condemning the British Raj and I had to contact him. He would not speak in Kannada. He is now writing big articles in the Indian Express saying that his experience with Nehru was like this or that! How patriotic and public-spirited indeed! Whatever it may be, Shri Iyengar was the Governor of the Reserve Bank. Immediately on retirement, he went into the private sector and becomes a great limb of the private sector! We must see to it that no Reserve Bank Governor steps into the private sector on his retirement. The Government of India and the people of India confer on them the highest office. Their jobs are indeed more exalted than the Prime Minister. If I may say so in all humility. They shall not go to the private sector on

retirement abegging a job. After holding the highest public office one does not go abegging for a small crumb! The great tradition of Hindustan is for humility and self-abnegation.

I may pay my tribute to the late Mr. Battacharya, the fourth Governor of the Reserve Bank, who, alas, is no more. But he had come to know about my agitation both on the floor of Parliament and outside that no Governor of the Reserve Bank shall on retirement accept an assignment in the private sector. Mr. Bhattacharya was a noble man indeed. He died last year. He told me once, "Mr. Alva, I am not entering the private sector". On retirement he was assigned to the Finance Commission of the Government of India, and I am sure had he survived he would never have taken a job in the private sector. His word was his bond!

The last Chairman of the State Bank of India, Mr. Dehejia, after a Finance Committee meeting where my point of an ex-Reserve Bank Governor stepping in the private sector was being discussed, told me "What does it matter if I take a job of Rs. 10,000 or Rs. 20,000 per month?" I snubbed him by saying, "That is the difference between you and me". That is the way of the I.C.S. thinking.

Shri C. D. Deshmukh was the Finance Minister of India. His brother, Shri P. D. Deshmukh, became the Acting Secretary to the first President of India. You would want to know why I am bringing this in. Shri Deshmukh is an esteemed friend of mine. But facts are facts. How does his brother who only belonged to the Judicial Service of Madhya Pradesh and never drew more than Rs. 1,500 salary per month become Acting Secretary to the President of India? Shri Lal who was then Secretary to the then President of India, Dr. Rajendra Prasad, did some 'golmal' about the Nizam Trust funds, of which he was a trustee. In order to cover his lapses, Shri Lal got this brother of Shri C. D. Deshmukh as Acting Secretary to the President of India on a salary of Rs. 2,000 when Shri C. D. Deshmukh was the Finance Minister. It was the greatest act of nepotism and this man is trying to come to the Rashtrapati Bhavan standing as a Presidential candidate.

Shri Dandekar is another great I.C.S. man. I shut him up on the floor of the House of the Lok Sabha, when he was

badgering noble Shri Lal Bahadur Shastri, the then Prime Minister of India. I queried, "How dare you talk? You are the one who asked the Scindias for Rs. 20,000 salary per month." I came to know about it as a result of my esteemed and much lamented friend, Dr. Lanka Sundaram, showing me copy of a letter which Shri Dandekar wrote to the then Chairman of Scindias. Shri Dandekar tomtoms, "I stand for the poor". I shut up Shri Dandekar by the disclosure of his greed for a very high salary. I asked him, "How do you demand Rs. 20,000 as salary per month?" These gentlemen are coming in the way of our increased salaries. Shri Masani is leading an agitation against higher salaries to M. Ps., but he himself is a limb of the Tatas and earns a lot on public relations for big companies. When we M. Ps. get better salaries and more amenities we shall become more independent; we shall not be liable to the pressure of big business and shall not be bought over by the monopolists with their pockets full of money, who are walking through the corridors of Parliament ready to hire anyone of us. But we shall not be tempted. Shri Masani and his Swatantra friends want us to live on Rs. 500 per month with our double establishments. We are impoverished and become glorious beggars on this salary.

AN. HON. MEMBER : The Communists are opposed to the increase.

SHRI JOACHIM ALVA : Naturally, they give half the salary to the party funds and with the other half they live on hard rations in their own canteens.

(Interruption)

I want to know why the hon. Law Minister did not take one sweeping provision in the Bill by which all the banks would be theoretically nationalised, but you could have, in the first instance, excluded the foreign banks and the small banks. Why did you not make up your mind to nationalise all banks? Who are the people who drafted this Bill? I am an old rusty lawyer. You should have taken complete powers in your hands and all the banks should have been nationalised, foreign, small and big, and alongside you could have exempted the foreign banks and small banks, as you have done. If tomorrow you come again to Parliament and if Shri Masani does not like the idea, he will go to the

Supreme Court. We should have taken complete powers. I think we have done a great mistake by not taking omnibus power in our hands—that we shall nationalise all banks and hold the Damocles' sword on the non-nationalised banks.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : Please wind up. You are taking the other Members' time.

SHRI JOACHIM ALVA : I am finishing. The L.I.C. is the largest landlord in India. But they do not fulfil their obligations. In Bombay, Calcutta and Madras they have got chunks of properties and buildings. They do nothing. If something happens on a Friday, the repairers do not attend to it until Tuesday. The Government of India owns two-thirds of the buildings in New Delhi and they promptly attend to the complaints. I was a member of a small Newspapers Advisory Committee touring in Trivandrum. I rushed all the way from Trivandrum to Bombay to emphasize one point at the L.I.C. Board meeting that the L.I.C. was the largest landlord of India. My colleagues in the Committee said "Why are you rushing like this? It may cause a heart attack." But I said, "No. I got there for the Board meeting to stress only one point that the L. I. C. are the largest landlord of India. They are not functioning properly as the landlord at all". There was another I.C.S. man who was the Chairman of the L.I.C. I know him but I will not mention his name. He passed on Rs 5 lakhs of the L.I.C. money to his daughter for starting an advertising agency. These are the things which the I.C.S. men have done. We are fond of our own people, of the people of our own community, of the people from our own town, and put them up in high jobs as against the well-merited ones. We cannot build our country on these lines, and above all we cannot build our banks on lines of corruption and nepotism, we cannot set out Government right if these things are done; nor can we deliver the goods to the people of India.

May I hope and pray for great things to come, specially that the bank employees shall not be arrested or harassed under the provisions of the Act which we passed last year, that they shall not go to jail, that they shall not lose their jobs, provisions regarding which are incorporated in that Act we passed? All these draconian measures should be abrogated.



[Shri Joachim Alva]

I hope that this banking measure will be a great measure, and we must call upon the bank employees to be patriots and disciplined people and to do hard work in the interests of the country

श्री राजनारायण : श्रीमन् .

उपसभाध्यक्ष (श्री महावीर प्रसाद भार्गव) :  
बैठ जाइए, बाद में मैं जब इजाजत दूंगा।

श्री राजनारायण : आपने कहा था कि  
डाह्याभाई...

उपसभाध्यक्ष (श्री महावीर प्रसाद भार्गव) :  
कुछ नहीं कहा था।

श्री राजनारायण : देखिए, मैं आपसे  
निवेदन करूंगा कि डिक्टेटराशप नहीं चलेगी।

उपसभाध्यक्ष (श्री महावीर प्रसाद भार्गव) :  
राजनारायण जी

श्री राजनारायण : श्री भार्गव जी, मैं  
आपसे करबद्ध निवेदन करता हूँ कि आपने  
कहा कि

उपसभाध्यक्ष (श्री महावीर प्रसाद भार्गव) :  
आपने बनारस हिन्दू यूनिवर्सिटी के बारे में

श्री राजनारायण : आप जोर से मत  
बोलिए, मैं बहुत टेम्पर देख चुका हूँ।

उपसभाध्यक्ष (श्री महावीर प्रसाद भार्गव) :  
मैं आपको इजाजत दूंगा, अभी बैठिए, अभी  
बहस चल रही है।

SHRI C. D. PANDE (Uttar Pradesh) .  
Mr Vice-Chairman, the debate has been  
a very thorough one and almost all  
the points, all the pros and cons, have  
been covered, and I will not take much  
time of the House in dealing with such  
points which have been exhaustively  
dealt with by the previous speakers.  
I will confine myself to the manner of  
nationalisation, not the merit or demerit  
of this measure. I am one of those who  
really admire the boldness of this measure  
which the Prime Minister has brought  
before the country. But I only wish that  
if it had been as wise as it is bold, it would  
have been a great thing for the country.  
But I am not the person to presume that

I alone know what is wise and what  
is not. The history of its working for  
two or three years will show. If it suc-  
ceeds the whole country will praise and  
I will be the first man to praise that this  
is the boldest and wisest step taken.  
But as things are today even two years  
will not be sufficient to prove that it is  
successful measure, that it is a good mea-  
sure, or even six months are enough to  
show that it is not a good measure. Whether  
it is wise or not is a matter of history,  
but the manner of doing it is a thing  
which we have to consider very seriously,  
which has a great bearing on the whole  
political situation of the country.

Hon. Members of the House are aware  
that only four months back, or in February,  
we passed a Bill for the social control  
of banks or banking business. That was  
a time when the Prime Minister should  
have felt it; I think she must have had  
this at the back of her mind at that time  
also that this measure is a wash-out,  
that it does not meet the purpose of the  
nation or the economy. Therefore she  
should have advised the Minister of  
Finance, "Well, I do not agree. I want  
these things to be done." And it was open  
to Mr. Morarji Desai to accept or not to  
accept it, and there would have been  
no rancour, it would have been perfect  
and in a parliamentary manner. It was  
accepted by the whole Parliament, and  
no dissenting voice there to oppose that  
social control. They have been

SHRI CHANDRA SHEKHAR (Uttar  
Pradesh) I opposed it and I said that  
it was an eye-wash

SHRI C. D. PANDE : You are a  
wise man. But the others did not join  
you. The Government did not realise  
that it was a wash-out

SHRI ARJUN ARORA I called it a  
hoax

SHRI C. D. PANDE : The Government  
did not realise that it was a wash-out  
and they approved of the Bill. And within  
four months things came. My objection  
to this, to the genesis of this Bill is that  
it is the outcome of some sort of unfor-  
tunate factional difficulties to which I  
will not make any reference here. But  
it happened

SHRI ARJUN ARORA A detailed  
reference . . .

**SHRI BHUPESH GUPTA (West Bengal) :** What is the difficulty ?

**SHRI C. D. PANDE :** All of a sudden, an Ordinance was issued, overnight, on the 19th. Parliament was to meet on the 21st. It was not a taxation measure. No great things could have been moved from one place to another place; no bank funds could have been swallowed overnight by somebody because the bank accounts are there. Therefore there was no necessity of issuing an Ordinance on the eve of the Parliamentary session. And also there was not any difficulty. We must judge the whole situation as to how it arose.

**THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) :** Do you mean to say that the nationalisation should have been done after discussing in Parliament ?

**SHRI C. D. PANDE :** The Ordinance was not necessary.

**THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) :** Issue an Ordinance when Parliament meets ? What is your argument ?

**SHRI C. D. PANDE :** You will have to wait for Parliament. This is my opinion and you may differ.

Then the President signed it. I do not know whether he was President at that time or not. But this is beside the point.

**SHRI P. C. MITRA (Bihar) :** You will have to argue in the Supreme Court.

**SHRI BHUPESH GUPTA :** You are making a very learned speech. You say, I do not know whether he was President at that time or not. Then do we understand that we had no President at that time for the Indian Republic ?

**SHRI C. D. PANDE :** The then President had expressed his desire to resign from the office three or four days earlier ; he had expressed his desire to resign. And at the time of his retirement the President should have said, "Look here! I am not in a position to sign such a big measure. Let the other President do it." What was the hurry ? Within two days the Parliament was due to meet.

**श्री राजनारायण :** मिस्टर पांडेय, 3 बजे में 19 तारीख को मिलने गया था गिरी जी से। उन्होंने मुझे 3 बजे बुलाया था और मैं

उन को मना करने गया कि आप वाइस प्रेसीडेंटशिप के पद से इस्तीफा न दें। लेकिन उन्होंने कहा :

"What can I do now ? I have sent my resignation already. It will take effect from 9.00 A.M. tomorrow."

हर आदमी जानता है। उस को छिपाने की क्या जरूरत है।

**SHRI C. D. PANDE :** I am not going into the details. I am only telling you that these things could have been done in a better and more graceful manner. This hurrying of the legislation is another matter. It should have been dealt with very thoroughly

**SHRI BHUPESH GUPTA :** Hurried ?

**SHRI C. D. PANDE :** We are rushing it. The whole thing is done in the belief that if we pass the Bill before the 11th, it will be a *fait accompli*, an accomplished fact, and therefore the Supreme Court will have no jurisdiction. This is a puerile, childish argument. The legal position remains the same whether you pass it now or on the 12th. The Supreme Court has got the same power. If you pass the Bill on the 9th or on the 12th in the eyes of law it makes no difference. If it does, it is for the Supreme Court to judge.

**THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) :** Come to the Bill.

**SHRI C. D. PANDE :** I tell you, this is as important as the Bill itself. As far as the Bill is concerned, I think Mr. Mishra has . . .

**SHRI PITAMBER DAS (Uttar Pradesh) :** I beg to point out that he may be allowed to speak on my Resolution about the disapproval of the Ordinance. He may be supporting my case.

**SHRI C. D. PANDE :** I have my own case. I do not believe in anybody's case. I take the cue from nobody and I have no ill-will towards anybody. If I think that something is correct, I say it, even if it is not correct according to others. Mr. Mishra and others have dealt with this at great length. There are hopes raised in this country that this measure will do great good. I wish it did. There are many people who have been saying that the funds are not small enough. They say that Rs. 2,000 crores are lying

[Shri C. D. Pande]

idle and we will use them for development. You should not feed the people on these hopes. These will recoil on us because there is no single rupee unemployed today. It is all invested, you may say, in the sugar mills, in the cotton mills, in so many other things. Do you think that a single pie is idle? I also want Rs. 400 crores or Rs. 500 crores to be given to agriculture. I want that the young men should be encouraged to start new industries and they should be financed. And unless you do these things, it will recoil on you. But is there enough money to do that? As Mr. Mishra has rightly pointed out, unless you augment your resources, you will be beset with great difficulties and disappointments. The hopes that have been aroused will be belied. People will be disappointed and they will be abusing you after some time. I hope that you will find some funds. But funds will only come by opening more branches, by popularising the banks in the rural areas, in such areas where the people are a little wealthier than before. If this is not done, this feeding the people on hopes will be a dangerous thing. Mr. Jain also said this thing. I think it is a very good suggestion that more resources should be collected so that the new schemes and the new ideas that you want to implement would be possible.

Now, as far as the political influence is concerned, you can understand it. Even Mr. Alva who spoke at length pointed out the play of nepotism—son-in-law being appointed, brother-in-law being appointed. That will happen more today. It is being done even today. I am referring to what is going to happen. We have got a dead-weight of Rs. 3,000 crores in the public sector industries. I would have been the first man to welcome and to augment this sector if we had collected at least 5 per cent. or 3 per cent. or 4 per cent. of return on this investment. That would have given us hope and courage to say that these banks when they come under Government control will fulfil the social purpose that we cherish so much. But 20 years of our history does not give us any encouragement to feel that better things will come out.

Mr. Jain was very nice to say that it was popular, even a beggar is very happy that the banks have been nationalised. I say that it is perfectly true, we are seeing the demonstrations. I see the applause

that it has drawn, the acclamation that it has drawn. But mere popularity . .

SHRI ARJUN ARORA : You are overwhelmed but you remain unaffected.

SHRI C. D. PANDE : I am a man of thought. Too much of popularity is not the criterion of the soundness of the measure. If the Government decides to have raids on some banks and give the money to the populace, I think nothing would be more popular than that. You should not go by popularity alone. Popularity will be there. Popularity will surely come provided you fulfil the things that you have promised. The things will not be fulfilled unless you have the resources, unless you have the wealth. What is socialism? In an orthodox, doctrinaire manner socialism may be achieved, by nationalising. But if wealth does not grow correspondingly, if people do not have more to eat and to dress better, it will give pin-pricks to the people.

Is it socialism if the people are not fed and clothed? People will not be fed for a long time on jealousy and hatred. How long can you feed them on ideology? What they need is food and clothing. All that will be the real foundation of socialism. I do not want to take more time of the House. But I should tell the leader that she has taken a very bold step and I hope and pray that this bold step will prove to be a wise step provided you take up the thing in the manner I have suggested.

RE REPORTED BURNING OF AN  
EFFIGY OF SHRI GAJENDRAGAD-  
KAR BY SOME STUDENTS OF  
THE BANARAS HINDU UNIVER-  
SITY—contd.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : Mr. Rajnarain, what do you want to say? Please be brief.

श्री राजनारायण (उत्तर प्रदेश) : श्रीमन्, सुबह की बैठक में जब हमने काशी विश्व-विद्यालय के सम्बन्ध में चर्चा की थी कि वहाँ पर कुछ उपद्रव हो रहा है और गजेन्द्रगडकर कमीशन की रिपोर्ट को लेकर कुछ लोग वहाँ पर गजेन्द्रगडकर का पुतला जला रहे हैं . .

उपस्थित (श्री महावीर प्रसाद भार्गव) : यह आप कह चुके हैं।