

kilograms of RDX were found in another city, Malegaon. Sir, this chain of finding out RDX, AK-47 rifles and grenades has worried everybody who stays in the State of Maharashtra. These are the terrorists who were hiding this RDX. They were found out by the expert police of Maharashtra. Sir, it has not remained there. Unfortunately, those people who are arrested, their names are Mohammed Amir Ahmed, Muzzafar Ahmed, Syed Zubair and Abdul Azmi. It is said that there are more people who are in the business of keeping RDX and there is every possibility that such explosives may be found in other cities of the State of Maharashtra. Sir, it seems that the whole of Maharashtra has become the godown of explosives. This has been brought by the terrorists and it is also suspected that these terrorists are supported by Pakistan. How long are we going to tolerate this? The Director General of Police has made a statement that there may be more people and more RDX could be found in other parts of the State. My only worry is, in 1993, only 27 kgs. of RDX was enough in Mumbai to kill 400 people. So, you can just imagine that with 50 kgs. of RDX found there is every danger to the lives of the citizens of different cities. I want the Government to take notice of this and to take immediate action and also to support police personnel, provide additional force if necessary. The Maharashtra Police, which did an excellent job, should also be appreciated. So, Sir, this is what I wanted to request and bring to the notice of the House that the State of Maharashtra is facing a great problem. Thank you.

MR. DEPUTY CHAIRMAN: Now, let us take up Legislative Business. First, the Reserve Bank of India (Amendment) Bill, 2006. Shri Pawan Kumar Bansal.

GOVERNMENT BILL

The Reserve Bank of India (Amendment) Bill, 2006

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): Sir, I beg to move:

“That the Bill further to amend the Reserve Bank of India Act, 1934, as passed by Lok Sabha, be taken into consideration.”

Sir, the Bill was initially introduced in the Lok Sabha on 13th May, 2005, to amend the Reserve Bank of India Act, 1934, inter alia, to:

1. define the expressions, 'derivative', 'repo' and 'reverse repo';
2. to empower the RBI to deal in derivatives, to lend or borrow securities and to undertake repo or reverse repo;
3. remove the lower floor and upper ceiling of Cash Reserve Ratio (CRR) and to provide flexibility to RBI to specify CRR;
4. remove ambiguity regarding the legal validity of derivatives;
5. empower RBI to lay down policy and issue directions to any agency dealing in various kinds of contracts in respect of Government securities, money-market instruments, derivatives, etc., and to inspect such agencies.

Sir, after the initial introduction of the Bill, the Bill was referred to the Standing Committee on Finance. The Standing Committee deliberated on the provisions of the Bill at length and made certain valuable suggestions. Respecting those suggestions, the Government decided to change the definitions of the terms 'repo' and 'reverse repo' in the perspective of the market. And, I would not take the time of the hon. House at this moment to refer to those suggestions made by the Standing Committee on Finance. But, those definitions, as such, were moved, subsequently, as amendments to the Bill and have been accepted by the Lok Sabha yesterday.

Sir, the Indian economy, as we all know, is growing at a fast rate and is much larger today than it was ever before. There are developments in the financial sector which could not be anticipated in the year 1934 when the RBI Act was enacted. But, they are a fact of life today. And, in a changing, moving and a dynamic society as it is, with the market becoming so important, it has become important that certain regulators, including the RBI, are strengthened and, keeping in view certain things like volatility of foreign exchange markets, it is necessary that the RBI is given certain powers to act quickly on certain matters, though there is a High-Powered Committee, which meets to exchange information and to work on the various policy matters. Keeping those things in view, this amendment has been introduced.

I, with these few words, would commend the Bill to the House to kindly consider this and pass it.

The question was proposed

श्री रामदास अग्रवाल (राजस्थान) : उपसभापति महोदय, माननीय वित्त मंत्री जी ने The Reserve Bank of India (Amendment) Bill, 2006 to amend the Reserve Bank of India Act, 1934 पेश किया है। उन्होंने इस के स्टेटमेंट ऑफ ऑब्जेक्ट्स एंड रीजंस में जो बात कही है, उस के कुछ शब्द मैं दोहराना चाहता हूँ। "To cope with any unforeseen eventualities in future, such as excess or lack of liquidity in the banking system and for effective conduct of monetary policy, there is a need to enable Reserve Bank of India to determine the Cash Reserve Ratio (CRR) for scheduled banks without any floor or ceiling. Globally, many Central Banking authorities have such powers."

उपसभापति महोदय, जहां तक इस अमेंडमेंट का सवाल है, यह बात सच है जैसा कि मंत्री महोदय ने भी कहा और हम सभी जानते हैं कि इस समय सारे विश्व में जिस प्रकार से आर्थिक नीतियों के संबंध में बड़े परिवर्तन और बड़े संशोधन हो रहे हैं और प्रगति की रफ्तार भी ज्यादा-से-ज्यादा तेजी से चल रही है, उस में यदि हमारा फाइनेंसियल सिस्टम किसी भी प्रकार से lethargic होगा या सुस्त होगा तो शायद हम उस प्रतिस्पर्धा में शामिल नहीं हो सकते। इस मंशा से राज्य मंत्री महोदय ने यह संशोधन का प्रस्ताव रखा है। इस के साथ-ही-साथ मैं राज्य मंत्री महोदय का ध्यान आकर्षित करना चाहता हूँ कि आज हमारे देश में कैश लिक्विडिटी काफी है। आप स्वयं भी राज्य मंत्री के नाते इस बात को जानते हैं कि हमारे यहां फंड का फ्लो चाहे बैंक्स हों, चाहे फाइनेंसियल इंस्टीट्यूशंस हों, उन के पास कैश फ्लो बहुत अधिक है। वे ढूँढते रहते हैं कि कोई लेने वाला व्यक्ति आना चाहिए। आज जिन के पास मोबाइल फोन है, उन को भी मालूम है कि रोज टेलिफोन आते हैं कि हम आप को 10 लाख रुपए का लोन देने के लिए तैयार हैं, आप केवल टेलिफोन पर हां कर दीजिए, हम आप के पास ड्राफ्ट भेज देंगे। मैं खास तौर से यह इसलिए निवेदन करना चाहता हूँ कि पिछले एक साल के अंदर स्टॉक एक्सचेंज में काफी पैसा फाइनेंसियल इंस्टीट्यूशंस ऑफ इंडिया का, बैंक्स का और बाहर से विदेशी फॉरेन एक्सचेंज से, इस देश में आया है जिस के कारण स्टॉक एक्सचेंज ने जो इरैटिक ढंग से व जिस प्रकार की तेजी और मंदी का दौर दिखाया है, वह हमारे लिए एक चेतावनी है।

मुझे याद है, जब हमारी सरकार थी और यशवंत सिन्हा जी वित्त मंत्री थे, उस समय स्टॉक एक्सचेंज मुंबई का सेंसेक्स 400 पॉइंट गिरा था और 3200 से 2800 पर आ गया था, उस समय यहां हमारे वित्त मंत्री जी से संसद में इस्तीफा मांगा गया था और कहा था कि इतनी भारी गिरावट आ गयी है, इस से देश की वित्तीय व्यवस्था का क्या हाल होगा, आप इस का अंदाज करिए? आज मैं आप से निवेदन करना चाहता हूँ कि पिछले 15 दिनों में मनी फ्लो के कारण, रुपया जो बहुत अधिक अवैलेबल है, उस के कारण 400-500 अंकों की गिरावट या 400-500 अंकों की बढ़त - ये दोनों स्थितियां एक-दो दिन में या तीन दिन में देखने को मिल रही हैं। मैं राज्य मंत्री जी को कहना चाहूंगा कि अगर हम रुपए की लिक्विडिटी कंट्रोल करना चाहते हैं तो रिजर्व बैंक को इस बात का ध्यान रखना चाहिए कि इस प्रकार की बड़ी भारी

गिरावट या बहुत अधिक बढ़त - दोनों ही देश की आर्थिक गति के लिए नुकसानदायक हैं। इस के हम को भयंकर परिणाम भुगतने पड़ सकते हैं। इसलिए मैं एक चेतावनी के रूप में ये शब्द कहना चाहता हूँ कि रिजर्व बैंक, सेबी या अन्य कंट्रोलिंग अथॉरिटीज को आने वाली कैश लिक्विडिटी के ऊपर इस प्रकार नियंत्रण करना चाहिए ताकि हमारी इकॉनोमी कहीं एकदम से घाराशायी न हो जाए।

दूसरे, मैं यह भी निवेदन करना चाहता हूँ यह जो फंड्स का फ्लो हो रहा है, यह आईपीओओजो में सब से ज्यादा हो रहा है। अगर हम किसी कंपनी का एक करोड़ रुपए का शेयर लेना चाहते हैं तो हमारे पास लोन उपलब्ध है। आप 10 करोड़ के शेयर की एप्लीकेशन दे दीजिए, आप को नोमीनल ब्याज के ऊपर, पैसा देकर एप्लीकेशन दी जाती है। इसीलिए आपने मार्क किया होगा कि यह पैसा जितना अधिक मार्केट में उपलब्ध हुआ है, उसी के कारण आईपीओओजो का जो कंट्रीब्यूशन है या जो सब्सक्रिप्शन है, वह कई-कई गुणा हो गया है। यदि किसी कम्पनी को हजार करोड़ चाहिए तो उसको बीस हजार करोड़ रुपए मिले हैं और जिसको सौ करोड़ चाहिए, उसको दो हजार करोड़ रुपए मिले हैं। उसके पीछे कारण केवल यह नहीं है कि उस कम्पनी की कोई प्रगति हुई है या उस कम्पनी ने कोई बहुत बड़ा ऐसा काम कर दिया है, जिसके कारण उसकी रेपुटेशन बढ़ गई है। उसका कारण यही है कि कैश फ्लो अवेलेबल है, लोन्स अवेलेबल हैं और फैसिलिटीज अवेलेबल हैं। इसी के कारण इन्फ्लेशन होता है। इसी के कारण कम्पनीज आईपीओओजो में अपने शेयर का पैसा बढ़ा-बढ़ा कर, दस रुपए के शेयर को सौ रुपए, दो सौ रुपए या पॉच सौ रुपए करती हैं और उसी के कारण उनको हजार-हजार गुणा या दो-दो हजार गुणा पैसा मिल जाता है। राज्य मंत्री महोदय, यह इकॉनोमी के लिए उचित नहीं लगता है। यह कभी-न-कभी कोई बड़ा खतरा बन कर हमारे सामने खड़ा हो जाएगा। इसलिए मैं आपसे निवेदन करना चाहूँगा कि आपको इन क्षेत्रों में availability of cash funds के बारे में बहुत तत्परता से, रिजर्व बैंक के माध्यम से या अन्य कंट्रोलिंग एजेंसीज के माध्यम से कदम उठाना पड़ेगा।

राज्य मंत्री महोदय, मैं आपसे एक और गंभीर बात का निवेदन करना चाहता हूँ ...**(व्यवधान)**... उपसभापति महोदय, मैं इस बात की ओर राज्य मंत्री जी का ध्यान इसलिए आकर्षित करना चाहता हूँ कि इस समय मेटल मार्केट, चाहे वह सोने की हो या चाहे चाँदी की हो और कमोडिटीज मार्केट, चाहे वह जिसेज की हों, उनके अन्दर जिस प्रकार के स्पेकुलेशन के द्वारा रुपए की उपलब्धता स्पेकुलेशन करने के लिए कराई जा रही है, उसके कारण भी इन चीजों के दाम आसमान पर चढ़ते जा रहे हैं। चाँदी का भाव, जो अभी दीवाली पर 10 हजार रुपए किलो था, आप आज यहाँ पर बैठे हैं, अभी उसका दाम 22 हजार रुपए किलो हो गया है। जो सोना पॉच हजार रुपए तोला था, 10 ग्राम का, आज उसका भाव 10,500 रुपए प्रति दस ग्राम हो गया है।

उपसभापति महोदय, इसलिए मैं यह कहना चाहता हूँ कि ये कुछ अलार्मिंग चीजें हैं, जो हमारे देश में हो रही हैं। कमोडिटीज का भी ऐसा ही हाल है। हमारे देश में कमोडिटीज, मान लीजिए कोई जिस एक लाख टन पैदा होता है, मैं उदाहरण के तौर पर कह रहा हूँ, तो उसका सौदा 10 लाख टन का हो रहा है। एक लाख टन का प्रोडक्शन है, लेकिन सौदे दस लाख टन तक के हो रहे हैं। यह स्पेकुलेशन है, क्योंकि मनी अवेलेबल है, क्योंकि सुविधा अवेलेबल है और क्योंकि लोन अवेलेबल है। इसके कारण आप मार्क कर रहे होंगे कि आर्थिक

अवस्था में इतनी बड़ी तेजी पिछले कई वर्षों में बहुत स्लो हुआ करती थी और धीमी गति से हुआ करती थी, लेकिन राज्य मंत्री महोदय, आप देख रहे हैं कि आर्थिक प्रगति के इस दौर में इन ज़िंसों का और मेटल्स का दाम बेहिसाब बढ़ता जा रहा है। आखिर इसके नियंत्रण के लिए रिजर्व बैंक या अन्य अथॉरिटीज़ को या केन्द्र सरकार को कहीं-न-कहीं इस cash availability के ऊपर विचार करके इन चीज़ों को रोकना होगा।

उपसभापति महोदय, मेरा अन्तिम बिन्दु यह है कि जितना पैसा, मैंने जो अनेक उदाहरण गिनाए हैं, उनमें आया है, लेकिन आप इस बात को मार्क करेंगे कि वास्तविक उद्योग लगाने वाली जो संस्थाएँ हैं, जो वास्तव में फ्लोर पर इंडस्ट्री लगाएंगी, उद्योग लगाएंगी, इम्प्लायमेंट देगी, उतना पैसा उनमें नहीं आया है। यह सब सट्टेबाजी है। केवल स्पेकुलेशन में पैसा आ रहा है। यह पैसा केवल हवा में आ रहा है और हवा में जा रहा है। इसका नफा भी जा रहा है, इसका नुकसान भी आ रहा है, लेकिन जो फ्लोर पर, वास्तव में, घरती पर उद्योग लगाने वाले जो लोग हैं, उनको पैसे की उपलब्धता किस प्रकार से होती है, इसके बारे में मुझे भी थोड़ा अपना अनुभव है। मैं जानता हूँ कि उद्योग लगाने वाले व्यक्ति को अभी भी इतने सीधे-सीधे ढंग से बैंक्स या फाइनांसियल इंस्टिट्यूशंस पैसा नहीं देती हैं। आप इस बात का अंदाज़ करिए कि सट्टा करने के लिए, स्पेकुलेशन करने के लिए तो पैसा ख़ूब है, ख़ूब पैसा है, लेकिन अगर आपको उद्योग लगाना है, घरती पर उद्योग लगाकर इम्प्लॉयमेंट देना है, उत्पादन करना है, इंडस्ट्री लगानी है, तो उसके लिए आपके पास पैसे की उतनी सहूलियत नहीं है, उतनी सरलता से उपलब्ध नहीं है, जिस सरलता से इन स्पेकुलेशन ट्रेड्स में आज उपलब्ध हो रहा है। इसलिए मैं माननीय वित्त मंत्री जी से कहना चाहूँगा कि जहाँ हम एक ओर इस बात पर प्रसन्नता का अनुभव कर सकते हैं कि हमारे देश का जी०डी०पी० बढ़ रहा है। हम यह मान सकते हैं कि हमारी आर्थिक स्थिति, चाहे कुछ ही लोगों की अच्छी होगी, सारे गरीब आदमियों की नहीं होगी, लेकिन आर्थिक स्थिति में अच्छे लक्षण दिखाई देते हैं, लेकिन उसके साथ-साथ हमें कुछ कुलक्षण भी दिखाई दे रहे हैं। उन कुलक्षणों पर भी सरकार नियंत्रण करे, रिजर्व बैंक उसके लिए और कोई-न-कोई ऐसी विधि-व्यवस्था बिठाए और अगर वह इन्हीं कानूनों के अंतर्गत इसे कंट्रोल कर सकती है, तो करे। इन्हीं शब्दों के साथ, मैं अपनी बात समाप्त करता हूँ। बहुत-बहुत धन्यवाद।

SHRI JANARDHANA POOJARY (Karnataka): Mr. Deputy Chairman, Sir, I thank you very much for having given me this opportunity. This Bill should have come earlier. I thank the Government for bringing this Bill thereby amending the Reserve Bank of India (Amendment) Act, 2005. This Bill, before it was introduced, was referred to the Standing Committee. The Standing Committee received representations from different organisations including the bank federations and also other organisations which are concerned with the development of the economy. Now, I don't want to go in detail into the provisions of the Bill as they have been enunciated in the Objectives and also in the relevant section. But what will happen if there is more liquidity in the country, and, then, whether we have to control it. Sir, when the Reserve Bank of India Act was enacted in the year 1934-35, the main objective was to formulate, implement and monitor the monetary policy

- please underline the words, monetary policy - then, to prescribe broad parameters of banking operations within which the country's banking and financial system functions; then, manages the Foreign Exchange Management Act, 1999; then, issues and exchanges or destroys currency and coins not fit for circulation. In addition to that, the Reserve Bank performs a wide range of promotional functions to support developmental objectives. If the country has to develop, the role of the Reserve Bank should be implemented effectively; otherwise, what will happen to the economy? The hon. Minister has stated already that the economy is moving at a very faster rate, faster than China's economy. That is the reality which is prevailing in the country today. When the situation is like that, whether we should authorise the Reserve Bank with more powers to control the monetary system. Sir, what is happening now? I am not criticising the Government, but the reality is that inflation is going up, even though statistics show that it is coming down. If you ask a housewife who goes to market and purchases the essential commodities, she will say that prices have gone up. When the fact is like that, what have we to do? If the money is available at the hands of the traders, if the liquidity is more - you don't curtail it -- what will happen? That is why the Government has to look into the CRR ratio also. For that purpose, flexibility is required. It is true. Now the question is, if more money is available in the market, particularly, in the hands of the people who are dealing with the essential commodities, then, they will hoard it. Money is available. If the hoarding takes place, then, Sir, ultimately, it will result in increase in the prices. So, supply and demand position will also be affected. So, my submission to the Government is, we have to take an immediate action in this regard. If more liquidity is available, then you will not be in a position to control the economy and you will not be in a position to control the prices. That is why, Sir, this provision has been made, and it is going to help. It is going to empower the Reserve Bank of India to examine periodically whether the liquidity that is prevailing at a given time should be controlled or not. That is the main purpose.

Then, Sir, the other thing that I just bring to your notice is, yes; you have got a lot of foreign exchange. Agreed. But the question is, whether with this foreign exchange, we are investing or whether we are going to have it in our godowns or in the Reserve Bank of India. I am sorry to use the word 'godown'. Sir, my submission would be that this foreign exchange, which is accumulated in India, has to be used for the development of the nation. Unless we do it, I don't think the liquidity that is

available and the money that is available in the Indian economy are going to be of help in the development of the nation.

Sir, now, if there is deficit in the Budget, that means, if the deficit is larger, then some people say, 'No, the Indian economy is in a very bad shape; you are going to kill the economy.' No; Sir, it is not like that. I think, there should be a reasonable deficit. If a reasonable deficit is not there, that means, we are not developing and, on the contrary, we are stagnating the economy.

Sir, I would just give an example. Sir, we are going in for loans, whether it is from multilateral institutions or from foreign institutions. We are getting loans, and we are investing it. Sir, getting a loan is not an offence, is not a crime; it is not a sin. Sir, today, if I seek a loan of Rs. 5 crores and start one project, after five years - after the payment of the loan with interest - I will be the owner of the property, an asset worth Rs. 5 crores. After that, if I seek another loan amounting to Rs. 1000 crores and create an asset, say, for setting up a factory, then, after paying the principal amount with interest, in another five years, I will be creating an asset worth about Rs. 1000 crores. That is the strength of the economy. Going for a loan is not a crime.

Now, Sir, what is the credibility of India today in the international market? When we go outside, the other countries are running after us for giving loans saying that 'your credibility is high and you have paid the principal amount with interest, we have no problem in giving you loan'. If at all there is only one country in the entire world, Sir, which has not become a defaulter and which is paying the principal amount with interest, it is only India. That is the strength of the Indian economy. Sir, no other country is approached saying that 'we are ready to give loans to your country.' There is no other country in the world which is approached like this. No other country is in a position to repay the loan amount with interest. It is only India. So, the question is, when the strength of the economy is like that, whether there is a need to streamline it. The answer is very simple. For that purpose, my submission to the hon. Minister, through you, Sir, is this. You are an efficient Minister. I have been seeing you for the last so many years as a Member of Parliament. You can do certain things; with the help of your seniors, you have to get things done. Now, what do you have to do? You have to control the price rise. What is the second thing that you need to do? The hon. Member from the other side has referred to the price of gold. Sir, during the period between 1977 and 1980, the price of gold had gone

up and it was made a tall election issue, apart from the other issues. The Government of the day had to go. Now, the price of gold is rising and it has crossed Rs.10,000. Would a poor person, who wants to get his daughter married, be in a position to purchase one sovereign of gold? Is he in that position today? We have to look into that aspect. Sir, for 30 grams, one has to shell out Rs. 30,000. Will the middle class people be able to do that? So, we need to control that also. We may say that it is coming down now because of international factors. But, we must take some steps towards these things and to control the economy, the Reserve Bank of India should be empowered; whether it be in the field of foreign exchange, whether it be in the field of stock market, in every field, we have to do that.

Now, what is happening in the stock market? Sorry to say, stock market is nothing but speculation and gambling. If today the stock market has risen to one figure, tomorrow it could be brought down by manipulation. Now, if we think that because the stock exchange is on the rise, Indian economy is going to become very strong, then, one day it may so happen that the country would be shocked and the people who have invested may lose crores of rupees. Should that occasion arise? That is for us to consider. The Government should monitor all these things. We cannot say -- look, our stock exchange has gone up like this; it is a big achievement of ours. If you go and talk to the people like that, nobody would accept it. So, the Government should be very careful now. If the Government is not going to be careful, if we go on saying that we are strengthening the economy by helping the stock exchange to rise, tomorrow, the ordinary, common man in the country would say, 'what have you done for us? Are you in a position to give us *dal* at the rate of Rs. 20 or Rs. 30?' What is the price of *dal* today? I am told that it has crossed Rs. 50. What else can we give to the common man? Afterall, we have to see to it that democracy reigns. Whether one accepts it or not who are the people who come to vote? It is not the rich people. It is only the poor people. I submit, Sir, and I may be excused for pointing this out. The Secretaries of the Government of India, the intellectuals, do not come, stand in queues and cast their vote. If democracy is surviving in this country, it is because of the poor people, the ordinary middle class people, farmers and the common people. That is why it has been stated that when a Finance Minister presents the Budget, he has to see whether the Budget is going to wipe the tears of the poorest among the poor. That should be the yardstick. Sir, when I was in the Finance Ministry, yes, I had made a statement here, when so many experts in economy delivered speeches outside the Parliament and said that 'if the

Parliament passes the Budget and it is for the poorer class, then it is dubbed as populist.' But if some concession is given to the rich section, then it is stated that it is 'development-oriented'. So, my submission to you, Sir, is that if, along with development, the poor people are also strengthened, then is it not development-oriented? If we are going to invest more money for the people and if we give subsidy to the weaker sections, who cannot have two square meals a day, then, is it not development? So, we also have to see that if we provide something even in the form of subsidy, it is also one of the instruments for the development of nation. Now, Sir, it is a step to control the economy and monitor the economy, and that is why I have stated that this Bill should have come earlier. The hon. Minister can take corrective steps through the Reserve Bank of India, and the Reserve Bank of India should not be viewed as 'untouched', because it is an autonomous body. But what do we say? We say that the Reserve Bank of India should not be touched; we should not look into its affairs. But I am cautioning the Minister that the body could be autonomous, but you are going to be answerable to the Parliament and to the people. Whenever it is required, you have to monitor, you have to go and report. When I was the Minister, I was monitoring the affairs of the Reserve Bank of India, and I had been telling them that there was a deficiency here and you had to rectify it, and corrective measures were taken. It could be the fault of the Reserve Bank of India, but nobody will say that it is the fault of the Reserve Bank of India. They will curse the Minister for no fault of his.

So, my submission to the House through you, Sir, is that the Government should be very, very careful. If I don't bring it to the notice today, then, I am sorry to say, we may have to repent for that tomorrow. For that purpose, I am saying it today.

Sir, I support this Bill and congratulate the Minister for bringing forward this Bill. Thank you.

SHRI P.G. NARAYANAN (Tamil Nadu): Mr. Deputy Chairman, Sir, the role of the Reserve Bank of India is significant in the finance sector to control the financial market and also inflation. Sir, the RBI has to be strengthened by giving more powers. It is also necessary to remove the existing legal ambiguity and confusions. Sir, through this amendment, it is proposed to empower the RBI to deal in derivatives and also to undertake Repo and Reverse Repo transactions. Sir, the expressions 'derivatives', 'repo' and 'reverse repo' have been defined clearly to avoid confusion. Sir, powers are given to RBI to increase the flexibility on the cash reserves

ratio. Sir, the ratio determines the proportion of a bank's liabilities. That it must keep in cash or as a deposit with the RBI. Sir, the principal RBI Act allows the RBI to fix CRR between 3 per cent and 20 per cent of a bank's net demand and time liabilities. Sir, it also specifies that RBI will not pay any interest for the first three per cent and will notify the interest rate, that is currently the bank rate, on CRR beyond three per cent. This Amendment removes the cap, and also specifies that CRR will not carry any interest. Sir, after this Act is passed, RBI is permitted to lend or borrow Central Government or the State Government securities and such securities of local authorities also as specified by the Central Government. Sir, RBI can also regulate the derivatives. All transactions in derivatives will be considered valid if one of the parties is RBI, any Scheduled bank or any agency falling under the purview of RBI. Sir, the validity applies with retrospective effect also. Sir, the RBI may determine the policy relating to interest rate and interest rate products and this will be applicable to all agencies dealing in such products. Sir, RBI may not issue directions relating to execution or settlement of trades or such a few changes. Sir, with these words, I support this Bill.

[THE VICE-CHAIRMAN (SHRI KALRAJ MISHRA) in the Chair]

SHRI MOINUL HASSAN (West Bengal): Sir, I rise to support the Reserve Bank of India (Amendment) Bill, 2006. I feel when hon. Minister introduced this Bill in the other House, and today in this House, the intention is to bring out some amendments in the taxation system in our banking regulation. I support this Bill first. While supporting the Bill, I would say that there are some areas where we would like to look afresh. When we support the Bill, I will tell something regarding that portion also. When I go through the papers, I find that main subject of the Bill is that -- as far as I am concerned, there is an apprehension -- definitions of words, "derivatives" and "repo", have been provided to us. It is a good approach on the part of the Government of India. Sir, I support it but I feel that this is only an adhoc mechanism, an adhoc arrangement so far as the direct and indirect taxation is concerned. I am telling this because there is ample scope, further scope to bring out a comprehensive Bill before this august House. So, I would request the hon. Minister, who is present here, to bring out a comprehensive Bill, having a comprehensive approach regarding direct and indirect taxes, customs duties and others.

Sir, when we are discussing about the Reserve Bank of India, its procedures and the taxation policy, every time, we have to look into three to

four areas, which I am going to mention before this august House. My first question is: what is the philosophy of the taxation. Secondly, we should find out a mechanism to plug the loopholes to stop widespread tax evasion that is taking place both in direct and indirect taxes. I request the hon. Minister, my friend, Shri Pawan Bansalji, to note this point and give some assurance to this House on this matter. This Government must be ready to plug these loopholes and many hon. colleagues have also mentioned about this point.

Sir, I think, here, I should mention two, three other points. Now, it is not a weekly affair, I must say, it is a daily matter. We have seen in the newspapers that bank scams are happening throughout the financial markets. We have seen it both in the newspapers and in the electronic media. One day, I read in a newspaper about a specific financial institution that opened one thousand accounts on a single name. Sir, with your permission, this is only one example that I am giving you. Sir, recently, the Reserve Bank of India expressed its views in a caption 'Know Your Customer'. Sir, when a single financial institution is opening one thousand accounts on a single name, in one day, what type of mechanism is there to protect these scams throughout the country?

Secondly, Sir, I would like to mention about the Permanent Account Number (PAN). PAN is popular throughout the country. Everybody wants to get his PAN; everybody is enquiring about my PAN. Whenever I go to any bank or any financial institution in any place of the country to make any transaction, they ask for the Permanent Account Number. We have the figures available with us. Eighteen lakh transactions are made throughout the country but as per a report with us, only 30 per cent of these transactions have the PAN. What is our position or what is our administrative set-up to take up the task of providing PAN to all the persons who make transactions? So, it is my request to the Ministry of Finance to take up this issue immediately because the common people are suffering. Those who are not having the PAN, they are common people, living in the remote areas of the country, and, if we do something for the common people, it will definitely help them.

Sir, I come to another point. So far as the administration of the Reserve Bank of India is concerned, what is the administrative set-up? It is a worldwide-accepted system. Computerisation is taking place throughout the banking system of our country. Sir, I personally feel, not only personally, but my party also feels that it is a dependable measure. But,

1.00 P.M.

what is happening when we are going to the deployment of skilled personnel and they are used in the particular area of banking system. It is also important. But, we have seen that there is a computer. Actually, it is dumped in a corner of a room. There is nobody, no personnel to use this computer which can help the farmer and the unemployed youth of our country also. So, what is the use of this computerisation? It is sad that in many places of rural areas, there is no use of computerisation. I know that the Government of India has a good intention. But, what is happening throughout the country should be taken note of when we take a decision and bring out a Bill like this. So far as computerisation is concerned, I would like to say another small point. It is my personal experience and with your kind permission, I would like to express it here -- that many administrative officer posts are lying vacant for months and years. So, I would say that it is not a comprehensive Bill. It is only an *ad hoc* measure that we are taking. It is a good Bill; but it is an *ad hoc* Bill. There is still a scope for bringing out a comprehensive Bill with administrative set up, with a new approach to the indirect and direct taxes, customs duty, etc. So, it is also my request to the hon. Minister.

Sir, my another point is regarding the charitable trusts. I am not going into the details. I am very much in favour of the charitable institutions, those who are working throughout the country in a big way. They are doing a very wonderful job in the country.

[MR. DEPUTY CHAIRMAN in the Chair]

But, I would say that there are some charitable institutions, whose work and whose activities are not out of question. So, what is the position of the Reserve Bank to think over these so-called charitable institutions, which are transacting the people's money? It is my question to our hon. Minister, Mr. Bansal is here and the other Minister is also here. I am not left with much time to give you examples, but I would like to give you one example. We have seen hospital-cum-research institutions in different parts of the towns and cities. They have provided only one room in their building for research. There is small scope; there are some instruments and they are called research institutions. They are running like a private hospital but they are getting all the facilities and concessions that other research institutions get. I would like to say, please, look into this, so far as private hospitals are concerned and private medical institutions are concerned.

Sir, again I say, so far as the administrative set up is concerned, income tax, customs, Central excise, etc., should be defined properly and anomaly and loopholes should be removed.

Sir, I would like to make another two-three points. As Mr. Poojary has already talked about, what is the relation between bank and the unemployed youth of the country? I have seen in the List of Business, tomorrow, there is a Resolution to be discussed regarding the unemployment situation in the country. But, I can firmly say that there is no help forthcoming from banking institution or financial institutions to the unemployed youth of our country. I would request the hon. Finance Minister to extend his hands to the unemployed youth who are the main assets to our country. They are running like vagabonds in the open air, because they have no work to do. We should do something for the unemployed youth. We should do something for the poor farmers who are working in the fields. They are not getting loans properly from banks. They go to *mahajans*, *zamindars*, and other private parties to get loans from them. They are not going to banks. So, banks are not in a position to cater to the unemployed youth and farmers. I request the hon. Minister to take a comprehensive view towards this main asset of our country - unemployed youth and farmer.

My another point is this. There is a circular of the Reserve Bank of India. As far as minority communities, ethnic minorities, and linguistic minorities are concerned, Sir, please, take special care in bringing them into the mainstream of society. What is happening throughout the country? I have some experience of meeting with banks' officers at the State level as well as district level, and I have found some grey areas in our country. I would request the Minister of State for Finance to look into the matter. I support the Bill. With these words, I conclude.

SHRI C. RAMACHANDRAIAH (Andhra Pradesh): Sir, I rise to support the Reserve Bank of India (Amendment) Bill, 2006. I welcome it, Sir. It is a very positive move for the banking sector. It is one of the measures that are being taken in continuation of the liberalisation process. In fact, I think it will strengthen the important regulator of monetary system in our country, the Reserve Bank of India. It is the need of the hour. Economy of the country is undergoing transformation; more capital is being brought in; and capital markets are undergoing some very big change. So, there is every necessity to have more powers with the regulators, so that they can effectively control the monetary system to the advantage of the

economy, so that the vested interests could not exploit the economic change that is being taken place in this country. Sir, it provides operational flexibility to the Reserve Bank of India. I have been under the impression that the disposal that is being kept at the banks was one of the reasons why these private sector banks used to approach very lucrative lines of lending, though they are very risky. Now, the Reserve Bank of India is being conferred with the power, so that there would be more flexibility to change the statutory ratios, both SLR and CLR, as per the needs of the day to protect the economy. Sir, I think this Bill should have been more exhaustive because it has to deal with the future derivatives also. Derivatives may deal with commodities, may deal with monetary instruments or may deal with both. It is complex and multiple. So, I think, the definition that has been given in derivatives may not be exhaustive to cover all these instruments.

Sir, I find some inconsistencies. I draw the attention of the Minister. This amendment Bill seeks to confer specific powers to the RBI to regulate the derivatives. Sir, as everybody knows, derivative is an instrument which derives its characteristics from underlying, a change in the price - it may be a commodity or financial instrument or whatever it is. But, Sir, section 45V (1) of the Reserve Bank of India (Amendment) Bill, 2005 clearly states that transactions in derivatives, as specified by the bank from time to time, shall be deemed to be valid notwithstanding anything contained in the Securities Contracts (Regulation) Act, 1956. To be specific, the section of the Bill states, "Notwithstanding anything contained in Securities Contracts (Regulation) Act, 1956 or any other law for the time being in force, transactions in such derivatives as may be specified by the Bank from time to time, shall be valid....." This is the amendment that is being introduced. Sir, there is a relative clause in Securities Contracts (Regulation) Act which was amended in 1999 to facilitate derivative transactions which states, "Notwithstanding anything in any other law, contracts in derivatives shall be legal and valid if such contracts are traded in recognized stock exchanges." Sir, I feel that these two provisions - one which you are going to incorporate now in this amendment Bill and that which is already there in the Securities Contracts (Regulation) Bill in 1999 - seem to be contradictory. I need a clarification as to which overrides what. This has to be through banking instruments only. This creates ambiguity. So, I feel that unless some amendment is brought in, it would give rise to a situation where there will be two statutes conflicting each other.

Sir, my second suggestion is regarding RBI itself. RBI is working satisfactorily at macro level. But, Sir, more monitoring has to be done by this regulator at micro level. Sir, we have been seeing and we have been reading in the newspapers, whether it is systematic failure or individual failure whatever you call it, but ultimately, they are leading to very big scams whether it is IPO or stock market scams, whatever you may call it. A number of committees have been appointed, JPCs, Standing Committees and we could not come out with a foolproof system where the economy of this country or capital market of this country is insulated from this issue. Sir, I don't advise the RBI to play a police role. But, ultimately, being a regulator which is responsible for the entire monetary system of this country, it has to equip itself with powers, if at all it does not have. I think the existing powers are more than sufficient for the RBI to regulate the monetary system. But, it is my personal observation that at micro level, RBI has to do more. Sir, my third suggestion is, with this amendment, I draw the attention of the Minister dealing with banking laws, what will be its impact because you will be keeping more funds at the disposal of the banks. Now, the RBI has got the operational flexibility to reduce the CLR and SLR. So, more funds will be available with the banks. Sir, I know one bank, a privately promoted bank, had to go to the stock market because it had to compete with the nationalised banks and to earn more profits. In that process, it had knocked the doors of the stock market operators. So, more funds had been sent to these operators. Ultimately, the bank failed, and the RBI had to intervene to save the interests of the depositors. What impact it had on the stock market is to be kept in mind.

Sir, about speculation, a senior Member from the BJP has said that there is a speculation in the market. Speculation, I feel, is a characteristic feature of the stock market. But as far as the Regulator is concerned, they should be more careful. Sir, I am weighing 500 kgs. I need not jubilate. Instead, I should feel that there is something wrong with my health; I should rush to a doctor. But the present tendency in this country is that if the Sensex goes up, we feel that it is an indication of a very sound state of our national economy. That need not be necessarily so, Sir. Unless the fundamentals of the economy are commensurate with this increase in the Sensex, we have to feel alarmed. The Sensex is coming up and going down. Of course, it is a universal phenomenon. But abnormal, volatile tendency has to be monitored by the RBI.

Sir, I want to make one more suggestion to the Minister of Banking. There are huge funds available, especially petro-dollars. Generally, they are not interested in levying an interest. Sir, they want to participate in the equity of the corporate sector in this country. Why don't we promote more instruments, financial instruments, where we can attract these funds? I am told that the estimated funds that are available in the system are around 800 billion dollars. It is a huge amount. But we need more amounts for our infrastructure. We have been saying that the planners are advocating that more investments are needed for our infrastructure to achieve a growth rate of ten per cent. When such is the case, when the funds are not available, when we are unable to tax the people for raising more resources, it would be better to tap the resources from abroad. I make a suggestion to the Minister of Banking to pay attention to it and initiate some measures to attract more funds.

Sir, ultimately, I support this Bill because it strengthens the RBI because now, a larger variety of products are entering the financial market and there is a need on the part of the RBI to use newer versions of financial instruments. So, more powers are needed. As this Bill confers more powers on RBI to determine a policy relating to interest rates, interest-related instruments, and give directions in this regard to agencies dealing in the money market, foreign exchange and also derivatives, I fully support this Bill. Sir, it should have been introduced a long time back as Mr. Poojary was saying. I fully support this Bill, but what will be the impact on the stock market and how to assess the irrational volatility of speculation in the stock market has to be kept in mind.

DR. ABHISHEK MANU SINGHVI (Rajasthan): Sir, I rise to support the Bill. The Bill is a very limited exercise in respect of some specific concepts, definitions and powers. So, the first point which I wish to humbly submit, Sir, is that we should not look at this Bill as the panacea and the answer to all evils. This is not the answer to all the problems. Many of the problems mentioned by the hon. Members are genuine situations. But they are really relating to policing problems. They really relate to implementation problems. This Bill provides a legal framework for implementation and, I think, the fact that this Bill does not address other issues should not mean that the issues it does address are bad or wrong.

Secondly, the key words underlying this Bill, I submit, are the words "flexibility" and "greater autonomy". We cannot, on the one hand, look upon India as a world, global, economic power competing with the

likes of China and developed countries like the USA, and, at the same time, require the apex bank of this country to constantly go back to the Central Government or to other authorities for permission or for empowering the increase or lowering of rates. This flexibility is extremely important in a global market, in a global scenario, and, as you know, some of the scenarios involve very fast-moving fluid situations, which require systematic fine-tuning changes on the spur of the moment at short notice. Consequently, for example, a provision, as it existed earlier, that you can't alter the CPR ratio below three per cent is something which in an emerging fast-moving situation would be an unnecessary obstructive limitation on the powers of the apex bank and I support the clear element of flexibility given by removing that lower limit.

Take, for example, the issue of derivatives. There is no reason why an apex bank dealing in the current global scenario with a whole host of public-private participatory exercises should not have the power to touch or deal in derivatives in the manner provided now. Derivatives are a very important aspect of the market. I think the definition is very comprehensive and, prior to this, the degree of autonomy, flexibility and empowerment required to deal with derivatives was not available to the apex bank and, I think, this again is a welcome move. Indeed, this is something in conformity with the global paradigm. Several other apex banks in several parts of the world have that power and, therefore, there is no reason why the Reserve Bank of India should not have that power.

Sir, there is one point of definition which, I think, does require a comment or explanation by the hon. Minister. You look at the amendment in clause 2 which seeks to insert section 17(6A). It does so by adding an explanation, which has a definition of both "repo" and "reverse repo". Now, this explanatory definition of "repo" and "reverse repo", which is under 12AB, at page 2, under the Explanation (a) and (b), is different from the definition of the same terms "repo" and "reverse repo" in section 45U which is given under clause 4 of the Bill. Clearly, the intent is that, as far as the amendment to section 17 is concerned, the repo definition is limited to securities of the Central Government or the State Government or the local authority, as specified by the Central Government. This limitation is absent in the definition of the same terms in clause 4 which deals with section 45U. Now, the intent is clear. But I would request the Minister to consider in his closing remarks to explain the rationale of why in two parts of the same Act a different definitional approach is taken.

As I said, I heard the objections raised and the comments made. I think, all of them are made in a positive, good and constructive spirit. But, as I said, many of them relate to policing and implementation issues and not to the legal framework which this Bill seeks to provide. Therefore, I said that issues like, for example, the policy on the price of gold or direct and indirect taxes or evasion were issues which have their relevance in their place, but might not be addressable in the limited focus of this Bill which deals with instruments in particular.

Lastly, a point was raised about a possible contradiction with section 45V as provided in clause 4 of this Bill. It is true that clause 45 (b) has an opening word which is a *non obstante* notwithstanding anything contained in -- one particular Act is mentioned -- the Securities Act and also any other law. As the hon. Member rightly pointed out, the securities law also mentions *non obstante* notwithstanding any other law. So there is an apparent or plausible or a possibility of collusion. May I submit that it is well established and it is well known rule of construction, interpretation and implementation that both the later Act and the special Act will always prevail? So, if the intent is that this is the RBI Act which deals with the RBI, which deals with the specific powers of the RBI, it is a later Act and it is an Act special to the RBI, so, in the normal course also it will prevail. But one of the reasons why clause 45 (b) may not be any problem, as the hon. Member pointed out, and that is this. The *non obstante* clause which is mentioned in the Securities Act, is part of the Securities Act; whereas this Bill in Clause 45 V (1) says, "Notwithstanding anything contained in the Securities Act. itself." In other words, the Securities Act is overridden. Therefore, the clause of the Securities Act which has a separate *non obstante* will also be overridden. I think, there will be no problem on that. But I think the slight difference in the definitions of repo and reverse repo would require some detailed comments by the hon. Minister. Sir, I support this Bill.

SHRI PAWAN KUMAR BANSAL: Mr. Deputy Chairman, Sir, I, at the very outset, thank all the hon. Members who have participated in this very fruitful discussion and have supported this Bill. Sir, let me again, without hesitation, admit that this Bill is not intended to cover the entire gamut of economic activity in the country, the working of the banks or the taxation regime, as it was sought to be suggested by one hon. Member in this case. But I must also admit that there have been many valuable suggestions which would be of utmost use to the Government. I owe it to

the House to make certain points clear which have been raised here during the course of this very fruitful discussion. I must also thank, before I proceed further, Dr. Abhishek Singhvi, who has raised certain pertinent points, but, at the same time, has made my job a little easier in dealing with the situation. One point which I must really refer to immediately is regarding the reference to the Securities Act as also the amendments being made here now in the RBI Act. As you know, Sir, the derivative trading became legalised in India with the enactment of the Securities Laws (Amendment) Act, 1999. Sir, as the hon. Members know, it is in terms of the provisions of the Securities Contracts (Regulation) Act 1956, which was amended in 1999, that such derivative contracts which were traded or are traded in a recognised stock exchange are legal and valid. Over the time, a dispute, a sort of ambiguity, has arisen about the legal validity of what we call, over the counter derivative trading. It is precisely to cover that point that this specific amendment is now being made in the RBI Act. In this context, permit me to read the definition of derivative. This Explanation, which was referred to by Dr. Singhvi, says, "For the purposes of this clause, "derivative" means an instrument, to be settled at a future date, whose value is derived from change in one or a combination of more than one of the following underlyings, namely:- (a) interest rate; (b) price of securities of the Central Government or a State Government or of such securities of a local authority as may be specified in this behalf by the Central Government; (c) price of foreign securities; (d) foreign exchange rate; (e) index of rates or prices; (f) credit rating or credit index; (g) price of gold or silver coins, or gold or silver bullion, or (h) any other variable of similar nature." It is, in fact, to address the various apprehensions or concerns of the hon. Members that this specific Amendment has been brought about, and I reiterate, it has been brought to remove the ambiguity about the legal validity of the transactions in OTC derivatives. Just for the sake of repetition only, to add emphasis to it, I would say that it is to cover all derivatives that this Amendment has been brought, and is much needed. For this, support has been forthcoming from the hon. Members for which I must thank them.

A point has been made about the definition of the three terms at two different places. Sir, this point was considered at length by us, and I am sure, Mr. Singhvi would appreciate that the definitions, even in the same enactment at times, are contextual. There can be two definitions of the same term for different purposes. Here, we have Section 17 which deals with the business which the bank may transact and, in that context, I have

just read the definition of derivatives. There are similarly a little different definitions in the case of the other two, that is, the repo and reverse repo.

When we come to Section 45, it deals with the regulatory power of the RBI. Here, because of the context in which the three terms are used, it did warrant that there has to be a different definition like, for example, the words, trading in gold, etc. I am sure the hon. Members would appreciate the context in which the definitions at different places have been used both in Section 17, which deals with the business that the bank can transact, as also when we come to Section 45 U, V, etc. where we deal with the regulatory powers of the bank.

Sir, there are some points, let me say, which are not strictly within the ambit and scope of the present amendment, but, nevertheless, are very important points about which the Government does attach utmost importance to the views of the hon. Members, including what was said about the large amount of money available and the need to have some sort of instruments, as was pointed out by Shri Ramachandraiah. I would like to inform him -- he may also be aware -- that a SPU company, the India Infrastructure Finance Co. Limited, has been set up, and I am sure, once that company gets down to its business, it will take care of financing infrastructure in the country and would be able to raise resources from wherever it does because autonomy is granted to it. There has been a doubt about the role of the RBI. Let me say that our Regulator, the Reserve Bank of India, is ranked as one of the best Central banks in the world. Over the years, it has played a very important role in discharging the responsibilities which are mandated to it, and wherever some loophole is found, some lacuna is found, Parliament has always been willing to grant more power to it. That is what is precisely being done today.

There is a reference -- that is a very important point -- about the fixing of the CRR. Though it has been accepted by the hon. Members that this manoeuvrability of the Reserve Bank which was curtailed because of the conduct of the Monetary Policy becoming more of the market-based one, they thought that there was a need to grant greater flexibility to the Reserve Bank, and it is, precisely, for this purpose that the floor of three per cent of the total of the demand and time liabilities and 20 per cent as the ceiling has been removed. And this has been done only to give flexibility to the bank. An apprehension was perhaps expressed that the bank would be flushed with money. What would happen and would it lead to inflation? I suppose we have to have confidence in our Regulator; it has been reacting

to the situations as have developed from time to time and stepping in to apply correctives if needed anywhere. We can have faith that the Reserve Bank would continue to do that. In my opening remarks, I have referred to a High-power Committee, which includes the Governor, Reserve Bank, the Chairman, SEBI, the Chairman, IRDA and the Secretary, Economic Affairs of the Ministry of Finance. The Committee meets, exchanges information and coordinates policy-making. So, I suppose, any fear or any doubt on that score need not really be entertained any further.

The banking system in our country has financed the GDP to the extent of 35 per cent. When we want the GDP to increase, our economy to grow, which is growing, we certainly expect the Reserve Bank of India to be able to play a much bigger role. And it is only to provide that flexibility, that position, that environment, through the Reserve Bank, that this amendment has been brought forward.

Sir, there are certain other points. I would very hurriedly rush through those because those points do not directly relate to the Bill as such. But, nevertheless, as I said earlier, those points are important.

About inflation, I would like the Members to rest assured that the Government is always conscious of the responsibility of the movements, from time to time, and it is a matter of satisfaction for us that the inflation is certainly under control, very well under control. There may be one or two items, which may, at times, cause some concern, but the Government does always take corrective measures to ensure that the people do not really face any undue burden of anything.

Sir, there was repeated reference to the IPO scam by two or three hon. Members. They are important subjects. All that I would like to say at this stage is that the Government has taken certain determined steps in the matter, which was alluded to by two hon. Members. We can have a detailed, full-fledged, independent discussion on that matter any time. But, for the moment, I can say that it is only to address these concerns that the present powers are being given to the banks.

Sir, certain matters were raised here, but they do not relate to the Reserve Bank of India. SEBI is a different matter which can be discussed from time to time. About computerisation, Shri Moinul Hassan had raised a point, though it is not directly related with this. Sir, it is because of computerisation today that you have 'any-branch-banking'. There is a networking of all the branches of different banks, particularly, the State Bank

of India, at the moment. You may be having your account in Delhi, but you can go to Chennai and operate your account from there. It is because of computerisation and the maximum use to which it has been put to that we are making that progress. My hon. friend does know that the Government has very many schemes to come to the aid of the unemployed youth. When it comes to the role of banks, with which we are precisely concerned, it may not be meeting the entire targets. But, certainly, the progress in that case is always monitored and, from time to time, whether it is the State-level banking committees or the lower ones, they do meet occasionally and take stock of the entire matter and see as to what can be done. But the Government is committed to take care of it.

The credit provided to the priority sector has grown. In fact, in the last year, it was expected to exceed the target that we had set for ourselves, and by the end of the current year, it will exceed the figure of Rs. 1,75,000, the target which we have set for ourselves. The priority sector lending is completely being met. And, in this Budget, the hon. Finance Minister had declared, and that is the commitment of the Government, that up to a loan of Rs. 3 lakhs for farmers, the interest would be only at the rate of seven per cent. That would mean a substantial subvention to be paid by the Government. But the Government is willing to do this. And for the earlier two crops, the interest rate was reduced, that amount is equivalent to two percentage points, which would be credited to the accounts of all the farmers who have taken those loans. Sir the Government is conscious of it, and the Government attaches the utmost importance and priority to the agricultural sector, to the plight of the farmers. And we are aware of it. We have repeatedly said that the access to formal credit for the farmers is not adequate. And it is the moneylenders in various States who are charging usurious rates from the people and that it is for the different State Governments to really act boldly in that direction. The Finance Minister has been taking up that matter with the various Chief Ministers and we would continue doing that. But on our own part, the Government of India would leave no stone unturned to meet the needs of the vulnerable sections of our society.

I am sure, Sir, given the intent of this Bill, and the five important and salient features which I had outlined in my opening remarks of my, I am sure, the hon. Members, the entire House, would extend their full support, which all the Members while participating in this debate have done.

Sir, with these words, I commend this Bill to the House.

SHRI RAJEEV SHUKLA (Uttar Pradesh): Sir, I want to make one observation. The hon. Minister has said that the inflation is well under control. Here I would like to disagree with him because price-rise is becoming a very important issue. It is a vital factor which is drawing the attention of the people of this country. I think he should re-look into it, and he should try to curb the prices of the essential commodities, at least.

MR. DEPUTY CHAIRMAN: What the hon. Minister said is that the Government is seized of it. He did not say...

SHRI RAJEEV SHUKLA: No; he said it is well under control.

SHRI PAWAN KUMAR BANSAL: I said, one or two items, at a time, do cause concern, and the Government does take action. ...*(Interruptions)*...

SHRI RAJEEV SHUKLA: You are saying one or two items! ...*(Interruptions)*... By and large, I am telling you that the price-rise is becoming a problem.

MR. DEPUTY CHAIRMAN: The question is:

That the Bill further to amend the Reserve Bank of India Act, 1934, as passed by Lok Sabha, be taken into consideration.

The motion was adopted.

MR. DEPUTY CHAIRMAN: We shall now take up clause-by-clause consideration of the Bill.

Clauses 2 to 4 were added to the Bill.

Clause 1, the Enacting Formula and the Title were added to the Bill.

SHRI PAWAN KUMAR BANSAL: Sir, I move:

That the Bill be passed.

The question was put and the motion was adopted.

MR. DEPUTY CHAIRMAN: The House is adjourned for lunch to meet at 2.30 p.m.

The House then adjourned for lunch at forty-two minutes past one of the clock.

The House re-assembled after lunch at thirty minutes past two of the clock,
MR. DEPUTY CHAIRMAN in the Chair.

SHORT DURATION DISCUSSION

Import of wheat and agrarian distress

SHRI TAPAN KUMAR SEN (West Bengal): Mr. Deputy Chairman, Sir, I would like to initiate the discussion on the issue of agrarian distress and also wheat import. I would like to state that our agrarian population in the country and agriculture have already been in the midst of severe distress. And, the import of wheat currently undertaken by the Government and the whole approach behind such import drive is going to multiply that distress further. Agriculture and our rural economy are in the midst of a severe distress and that is quite visible from all indicators, and the crisis is not just a recent phenomenon. In fact, in reality, the crisis has been a terminal one since one and a half decade with little prospect of improvement given the policy framework pursued by successive Governments on the agricultural economy.

In fact, the agricultural growth rates have been dwindling since the last one and a half decade with occasional upward spurt, which is more a low denominator effect than a real upswing. Last three years, as per the Economic Survey ending 2004-05, the index of agricultural production and the foodgrains production have really dipped and this is an absolute decline.

Agricultural growth has been a mere 0.7 per cent in 2004-05. On the whole, the average annual growth rate of value-added agriculture has declined sharply from 4.7 per cent in the Eighth Plan to a mere 2.1 per cent in the Ninth Plan, and for the Tenth Plan, the target is kept at 4 per cent, which also, given the present indicators, has become very difficult to achieve. Investment in agriculture, as a percentage of GDP, has declined consistently from 2.2 per cent in 1999-2000 to merely 1.7 per cent in 2004-05. This sharp decline in the investment, as a percentage of GDP, reflects unconcerned approach of successive Governments of the Centre to this tragic situation in our rural economy. The impact on the people is naturally bound to be worse, particularly those working in agriculture.

The single revealing indicator is a sharp reduction in the per capita food availability which has reached a low level, which happened just after the time we got our Independence--around hardly 150 Kgs. per head. Some of the developmental economists of a particular ideology sometimes, project