

उपसभाध्यक्ष (श्री महावीर प्रसाद भार्गव) :
गनी साहब, थर्ड रीडिंग में आप नई बात नहीं
कह सकते। आप बिल्कुल नई बात कह
रहे हैं।

شری عبدالغلی : میں نئی بات
نہیں کہوں گا - میں نے صرف اس لئے
عرض کیا کہ چار دن پہلے بھنجو پیٹنڈریف
نے نندا صاحب کے پاؤں پکڑ لئے تو
مجھے ڈر لگا کہ کہیں ایسا نہ ہو کہ
یہ سارا معاملہ خطرہ میں پڑ جائے -
اگر نام لینا مناسب نہیں ہے تو میں
اگے احتیاط کیا کروں گا لیکن میں
صرف اس لئے عرض کر رہا ہوں کہ
پاؤں پکڑنے سے کہیں کام نہ بگڑ جائے -
یہ بات میں پوری ذمہ داری سے کہتا
ہوں -

†[श्री अब्दुल गनी : मैं नई बात नहीं
कहूंगा। मैंने सिर्फ इसलिये अर्ज किया
कि चार दिन पहले बीजू पटनायक ने नन्दा
साहब के पांव पकड़ लिये तो मुझे डर लगा
कि कहीं ऐसा न हो कि यह सारा मामला
खतरे में पड़ जाये। अगर नाम लेना
मनासिब नहीं है तो मैं आगे एहतियात किया
करूंगा लेकिन मैं सिर्फ इसलिये अर्ज कर रहा
हूँ कि पांव पकड़ने से कहीं काम न बिगड़
जाये। यह बात मैं पूरी जिम्मेदारी से कहता
हूँ।]

SHRI B. R. BHAGAT: I have no
comments to make.

THE VICE-CHAIRMAN (SHRI M. P.
BHARGAVA): The question is:

"That the Bill be returned."

The motion was adopted.

†[] Hindi transliteration.

THE STATE BANK OF INDIA (AMENDMENT) BILL, 1964

THE MINISTER OF PLANNING (SHRI
B. R. BHAGAT): Sir, I move:

"That the Bill further to amend; the
State Bank of India Act, 1955, as passed
by the Lok Sabha, be taken into
consideration."

Sir, this is a simple Bill and its pro-
visions have been explained in detail in
the notes on the clauses. The House will
not, therefore, expect me to make a long
speech. About nine years ago —I am
giving a little background as to why we
want to reorganise it —when the State
Bank of India was first established,
the Imperial Bank and the so-called
major State-associated banks, which have
since been taken over and reconstituted
as subsidiaries of the State Bank, had
about 766 offices controlling deposits
amounting to about Rs. 275 crores. There
has been a very considerable, I should
even say, phenomenal expansion since
then. The total number of offices of the
State Bank and its seven subsidiaries, as
at the end of August 1964, was about
1700. The deposits of these banks after
excluding P.L. 480 and ^{PL-666} funds,
amount today to about Rs. 760 crores,
and constitute about 30 per cent, of the
total deposits of the commercial banking
system. By the end of 1968, the total
number of branches and offices will, it is
expected, be greater than 2,000, and the
volume of funds handled by these banks
will also be increased substantially,
especially if there is any acceleration of
the rate of growth of the deposits of the
commercial banking system as a whole.

The public sector banks are not only
established today in areas in which
commercial banks were till recently
comparatively unknown but they are
going to new areas and areas where
commercial practices were unnecessary
but their priorities and policies have also
been changed, partly as a result of
deliberate policy, but partly in response
to changing needs and circumstances.
The State Bank and its sub-

subsidiaries are required to work on the basis of commercial principles, but they do not necessarily have a commercial outlook. Although the State Bank makes a profit like any other bank, a substantial portion of this profit is not distributed at all, but is funded instead and utilised for financing the development activities of the bank and its subsidiaries.

We expect these banks to undertake branch expansion programmes, even when this may not be remunerative in many areas. We have now about 2033 treasuries and sub-treasuries all over the country at which money is paid or received by Government, but about 1100 treasuries and sub-treasuries are still departmentally managed, in the sense that they are not served by a bank. I hope in the next few years the handling of cash and the management of currency chests or small coins depots in every treasury or sub-treasury would be entrusted either to the State Bank of India or to one of its subsidiaries.

As regards other development work, such as arranging for remittances on behalf of the general public, assistance to the co-operative societies, warehouses or small-scale industries and to other commercial banks or to industry generally, it has been recognised, for quite some time, that the public sector banks have responsibilities or obligations as regards these matters, which ordinary commercial banks cannot be expected to undertake.

It is referred to the fact that the circumstances and needs of our economy have changed. It is, not, I think, adequately realised that the pattern of bank advances to-day is not what it was some years back. Commercial banks' advances now are predominantly for industrial purposes. Out of the total outstanding advances of the State Bank, amounting to about Rs. 340 crores at the present time, about Rs. 264 crores accounting for nearly 78 per cent are granted to industrial units. Out of these advances for industrial

industrial purposes, nearly 30 per cent are

is meant to assist basic industries like iron and steel, coal, mineral oils and fuel, heavy engineering and structural, fertilisers and chemicals, electrical goods and accessories and cement, and another 34 per cent, has been lent to various units in the three major export industries, namely, jute, cotton textiles and tea. These figures indicate the extent to which assistance is now being provided to Indian industry by commercial banks generally, and by the State Bank of India in particular. But they are also relevant, I think, in another sense. They point to the need for modernising or equipping the banks, for enabling them to discharge more efficiently the burdens, which they are now required to carry.

We have been feeling for some time that in view of the current rate of expansion and growth of the State Bank, which now manages not only its own regional offices and branches, but also controls indirectly the operations and working of the subsidiaries the arrangements for the disposal of the bank's work should be reviewed, the system of management should be changed, and the work should in future be attended to or disposed of locally, that is, element of considerable decentralisation should take place to the extent possible, so that the bank's efficiency may be increased and the range and quality of its services to the public generally may be improved.

This Bill seeks to introduce three main changes in the provisions of the State Bank's statute from this point of view. Clause 3, which provides for a revised constitution of the Central Board of the State Bank, removes a restriction which is now implied by various existing provisions, on the creation of more than six local head offices. At present the limitation is six local head offices. Clause 5 provides for an increase in the number of

members of the local boards, which have now been constituted or which may be constituted hereafter. Clause 6 makes it clear that in future the

[Shri B. R. Bhagat.] existing restrictions on the local boards' powers, as regards the grant of advances or the appointment of officers or other similar matters relating to the day-to-day operations and working of the bank, should be removed. The effect of these three main changes, considered together, will be that as many local head offices and local boards as may be necessary in the interests of work, can be created hereafter, the delays involved in references to the Central Office in regard to matters of purely local importance or interest can be avoided, and the further growth and expansion of the pub-be sector banks need not in future lead to any undue burden on the management at various levels.

I am aware that there has been a demand from time to time that the subsidiaries themselves should be merged in the State Bank. I do not think it is possible or necessary for me at this stage to anticipate when or how these mergers should be brought about, or even the decision, which the State Bank may ultimately take, regarding the continuance or merger of any particular subsidiary. The existing statute already provides for the grant to the State Bank of India of any powers which it may need for this purpose. So, the powers are there with the Bank. The administrative set-up of the State Bank, as it is envisaged in this Bill, I should also like to point out, is flexible. It provides for the creation, without further legislation, of new local head offices and boards, or for their reconstitution from time to time. It will be possible in the new set-up either to continue the subsidiaries, or to merge one or more of them in the State Bank, as and when this may be necessary or convenient.

I do not want to say anything about the other provisions of this Bill as they are relatively minor and insignificant. I hope that the State Bank of India and its subsidiaries will be able to sustain the rate of growth and expansion, to which I made a reference I

at the beginning of this speech. I also expect that this growth will be consistent with a steady improvement in service to the public and the country Sir, with these words, I move.

The question was proposed.

SHRI RAM SINGH (Uttar Pradesh): Mr. Vice-Chairman, Sir, I welcome this Bill and I congratulate the Finance Minister for placing it before this House. Our usual complaint has been that the State Bank of India has failed to provide better amenities to more people at more places, especially in the rural areas. By opening more branches and local head offices the State Bank of India will be serving more people, and this is a welcome sign, because it will help in the economic growth of our country. Whenever we have, in this House or the other, discussed the question of nationalising the banking industry in our country, we have always felt that the Government has squeezed much of the capital from the hands of private bankers. The Government has been, by and by, in an indirect manner, trespassing into the working of the private banking institutions. The limit has now been reached with the Reserve Bank of India having a complete day-to-day control over the activities of every bank and there is hardly any likelihood of the 'Palai Bank' episode being repeated. I hope the ruling party, with the change of Government, will cease to be influenced by my friends on the left and will not think of nationalising the banks.

I am against clause 13 of this Bill which says that for the words "a true and correct view", the words "a true and fair view" shall be substituted. I think we should consider this carefully before we agree to such a change. After all, the State Bank is a Government institution and the Government should not be the first to ask for any leniency or any watering down of the requirements for a strict audit report.

The State Bank should also improve its working. As soon as an institution

is nationalised, its officers and other employees become *Bara Sahebs* and feel that they are obliging the Government and the institution by attending office. This is the main cause of the inefficiency of such institutions. This cannot happen in private institutions, in the institutions in the private sector, where the staff is well paid and are treated properly. There is much labour trouble in the State Bank, to overcome which the Government must use humanitarian means. Witt all this, of course I welcome this Bill and I thank you.

SHRI MULKA GOVINDA R3DDY (Mysore): Mr. Vice-Chairman, [support the BiTI that has now been placed before us for the approval of this House.

The Minister, while moving the Bill for our consideration, stated the growth of the State Bank of India, how many new branches have been opened and how many more branches they would like to open in the near future. It is true that the banking system should work on a commercial basis; but it is also true and necessary that in a socialist economy, where we want to establish a socialist society, social good should also be one of the main criteria for the banking system. He told us that most of the commercial banks are not inclined to open more branches, particularly in places where they may not be in a position to make profits and that is the reason why the State Bank of India and its subsidiaries should open more and more branches. This is a welcome idea. Our people living in the villages should also be told the benefits of the banking system and they should be given these facilities. In the first instance the State Bank of India and its subsidiaries should make up their minds to see that at least in *taluk* headquarters there is one branch of the State Bank of India or of a Subsidiary Bank of the State Bank of India. The commercial banks are not in a position to open branches in places where they may not be able to earn more and more

profits as their sole motive force is the profit motive. Of course they do provide some facilities; particularly the way in which the cheques are cashed in commercial banks, and the loans are sanctioned, the least delay we encounter. These are things that should be copied by the State Bank and its subsidiaries; there is so much of red-tapism and delay particularly with regard to the sanction of loans and its subsidiaries; there is so much the commercial banks should be learnt by the State banks.

All the same banking industry is such an industry which controls all industries in the country, not only industry but also agriculture. It is therefore necessary that the moneys that are now with the commercial banks should be immobilised, because they work with a profit motive, and they encourage such industries in the private sector which are going to exploit the people of this country. I therefore urge that the time has come when the Government should think very seriously of nationalising these commercial banks. Sir, some four or five years back some of the State banks were taken over by the State Bank of India and they are now the Subsidiary Banks of the State Bank of India, but, unfortunately, the scales of pay and other emoluments that are given to the Subsidiary Bank employees are much less than what are given to the employees of the State Bank of India, and there is no reason why they should try to continue this discrimination against the employees of these Subsidiary Banks. I would urge that the scales of pay and other emoluments of the employees of the Subsidiary Banks should be brought on par with those of the employees of the State Bank of India.

The Minister was pleased to state that they are helping the co-operative societies and co-operative institutions to give cheaper credit to the agriculturists and other small-scale industries. But the credit that is now given to the agriculturists is not cheap. Nearly 7 to 9 per cent, interest is charged to the

[Shri Mulka Govinda Reddy.] agriculturists when they borrow loans from the co-operative banks. In other countries it is 2 per cent, or 3 per cent, only. Unless cheaper credit is provided to the agriculturists through the co-operative societies, it is not possible to improve agricultural production or the standard of living of the rural masses. I therefore urge that the State Bank of India should come forward with a cheaper rate of interest particularly for the agricultural sector.

Another point I would like to stress is that the marketing facilities are not easily available to the agriculturists if they want to sell their products at a remunerative rate; they are overburdened with all sorts of debts and they sell the products to the moneylender in the village at throw-away prices. If proper regulated markets are organised it is possible for the agriculturists to get a remunerative price. But the regulated market committees which are run on a cooperative basis are not in a position to come to with the merchants in the bazaar, the big merchants and the big buyers or purchasers. These big purchasers dictate the prices of the articles or commodities that come to the market just because in these markets there are no other agencies which are prepared to compete with these buyers, so much so that the agriculturists are not in a position to get the remunerative price and many a time they have to sell their products at the price dictated by these big purchasers. Particularly in the case of cotton this is the position. Therefore, it is necessary that cheaper credit and larger amounts of money should be placed at the disposal of cooperative societies which are functioning in the regulated markets.

Another point that I would like to stress is this. As we are all aware, there is great scarcity of sugar in the country and sugar is also being exported to earn some foreign exchange. It is good that we export this sugar and earn some foreign exchange. But

it is also necessary that in order to make good the short supply of sugar and also in order to earn more foreign exchange, the sugar production in the country should be increased and more and more licences for producing sugar should be given. I understand that some of the licences that are now to be issued are not being issued to co-operative sugar factories for want of finance. The Industrial Finance Corporation is not in a position to finance nearly Rs. 1 crore for each cooperative sugar factory. Therefore, even though the licences are ready for nearly 20 cooperative factories to be issued, because of the lack of finance, they have not been issued. It is a duty obligatory on the part of the State Bank of India that it should come forward with this finance for financing particularly the cooperative sector when factories in that sector undertake the production of sugar which is so badly needed now.

Sir, with these words I support the motion.

SHRI K. DAMODARAN (Kerala): Mr. Vice-Chairman, it is a commendable thing that the State Bank of India has extended its activities to the rural areas and it has become a stable and powerful institution, especially at a time when so many private banks have gone into liquidation. The achievements of the State Bank of India have given the lie to the allegation that the public sector cannot compete with the private sector. The figures provided by the hon. Minister are an eloquent reply to the critics of the public sector and the worshippers of the private sector.

As was explained by the hon. Minister, the purpose of this amending Bill is to facilitate the growth of the State Bank still further. It seeks to reconstitute the Central Board and the Local Boards and it seeks to create more local offices and to give additional powers to the Local Boards. At present hundreds of rural towns and villages have no banking facilities at all.

Millions of our people are at the mercy of the rural money-lender and the landlords and other exploiters in the countryside. They charge enormous rates of interest, something like 100 per cent, and 200 per cent, or more. I myself know of "a landlord who is always ready to help the poor and the needy and he charges only one Anna per rupee per month. But that comes to 75 per cent. This kind of exploitation will cease only when modern banking facilities are extended to the rural areas. Private banks seldom care for the poor people of the villages. They concentrate their activities in the big towns and cities where there are industries and where there is scope for fabulous profits. Therefore, it is in the fitness of things that the State Bank should go to the villages and help the people there. I hope the amendments now proposed will help this venture.

I have, however, serious doubts about one amendment proposed in this amending Bill. I do not understand the need for the change proposed to be made in sub-section (d) of section 19 of the principal Act which deals with the composition of the Central Board. According to the principal Act, on page 9 you see sub-section (d) which says:

"(d) eight directors to be nominated by the Central Government in consultation with the Reserve Bank to represent, as far as possible, territorial and economic interests and in such manner that not less than two of them have special knowledge of the working of cooperative institutions and of rural economy and the others have experience in commerce, industry, banking or finance;"

Here it will be seen that representation is given to three kinds of interests, namely, territorial interests, interests of cooperative institutions and the interests of commerce, industry, banking or finance. According to the amendment now proposed, the first two are taken away and the amendment seeks

to satisfy only the third interest, that is to say, private industrialists and private bankers. There is substitution of the word "and" by the word "or" in line 26 of the proposed amendment. It says:

"having special knowledge of the working of co-operative institutions and of rural economy or experience in commerce, industry, banking or finance;"

In the principal Act it was provided that at least two directors should be ; specialists in the cooperative movement and they should know something about rural economy and the cooperative institutions of the country. This is now being taken away. Now either a man with knowledge of cooperative movement or an industrialist can be appointed or nominated. So the substitution of the word "or" for the word "and" in the principal Act has done the mischief and the obligation to ; nominate at least two directors who have special knowledge of the cooperative movement and of rural economy is now removed.

Sir, at the time of the nationalisation of the Imperial Bank of India and the establishing of the State Bank of India, it was proposed that the main functions of the State Bank should be to help the co-operative institutions of our country. The State Bank was required to act as the agent of the cooperative societies. It was required to provide advances and remittances and other facilities to the cooperative institutions. It was hoped that the State Bank would play an important role in assisting the small-scale industries and the small traders and that the agricultural marketing societies in rural areas would be able to get their credit requirements from this State Bank. Now the hon. Minister has given us some figures about the advances given.

According to him, out of a sum of Rs. 340 crores, Rs. 260 crores or nearly 78 per cent, was given to industries

[Shri K. Damodaran.] and even out of this sum 30 per cent was provided for heavy industries like cement, heavy engineering, etc. and he gave the figures given for helping the exports also. But he did not give the figures provided for the cooperative societies for improving the rural economy, how much was provided for the small industries, and so on. As much as 78 per cent, was provided for the industries. But how much was given to the small industries, how much to help the small traders in the villages, how much to the cooperative societies? These he has not given. The State Bank was supposed to function for their help. The State Bank was specifically supposed to help our rural economy. That figure is not given by the Minister. I hope he will give it in his reply but as far as I know, I think that the assistance given to the small-scale industries, small traders and the co-operative institutions is very insignificant and I fear that the State Bank has failed to fulfil its obligations and to meet the expectations of the people.

Again, Sir, according to the principal Act, the Directors are required to retire at the expiry of two years from the time of appointment. Now, by deleting subsection (3), this provision is sought to be removed; that is, they need not retire after two years. These changes create an apprehension in the mind of the people that the big industrialists and big bankers will get hold of the management of the Central Board. Of course, if it were specified that only small industrialists and middle industrialists would be nominated, it would have been different but, as it stands today, there is a fear that the big business people today are in a position to interfere with the activities of the State Bank of India in their own narrow interests. I do not have much to say about the other amendments. I support them generally but while supporting this amending Bill and the various amendments proposed

therein, I have got to make two or three suggestions.

The first suggestion is this. Now, there are branches of the State Bank of India as well as branches of the subsidiaries of the State Bank of India existing side by side in the same place and competing with each other. I do not see the necessity for these two types of banks to function side by side. I think it would be better if the State subsidiary Banks are merged with the State Bank of India.

My second suggestion is that in widening the activities of the Bank, in extending its activities to the rural side, there must be a clear perspective and understanding of the rural mind. The people in the rural areas who do not know the intricacies of the banking system must be offered more facilities and better accessibility to the banking transactions. The facilities to clients must be improved by liberalising the existing procedure, offering them better banking facilities and services like encashment of cheques, etc., in such a way that undue delay and difficulties are removed.

My third suggestion is that special attention should be paid to small-scale industries and co-operative societies. More attention should be paid than hitherto.

My fourth suggestion is that there must be an approach to attract more deposits from the rural areas to tap the surplus resources of the countryside. Here, I would suggest that the State Bank of India may initiate the *kuri* and *chit* system. I know of a scheduled bank which by means of this *kuri* system has amassed enormous sums of deposits and it has reached such a position that it does not know what to do with its huge deposits. I think the State Bank of India can also organise such a *kuri*—we call it *kuri* or the *chit* fund system—and take money from the villagers who want to save money. You can do something in this matter and tap the resources in the countryside.

Lastly, I want to emphasise here that the opportune moment has arrived for bank nationalisation. The success of the Fourth Plan will depend to a great extent upon the implementation of this one bold measure, the nationalisation of the banks. The experience of the State Bank of India, its success so far achieved which is proved from the figures quoted by the Minister, proves that we can do it successfully the nationalisation of banks can be taken up successfully—this is the lesson we learn from the figures provided by the Deputy Finance Minister.

SHRI M. C. SHAH (Gujarat): Mr. Vice-Chairman, I welcome this Bill. It is a progressive measure towards decentralisation of power intended to make the branches of the State Bank of India more popular. When this House discussed the food programme, it was brought out that it was necessary to make concentrated efforts to make our food production improve year by year and to increase this it is necessary that we should look to the difficulties which our agriculturists suffer from. By themselves, they are equally anxious to see that production per acre increases but they have got certain difficulties which they have got to face and because of these difficulties they have not been able to achieve what they desire. The main thing is credit and the receipt of money at the proper time and in proper quantities. I know that the co-operative banks are doing very well in the rural areas to help our agriculturists but it is necessary that the State Bank of India also should take some effective steps to see that rural economy progresses and that this Bank becomes helpful in developing this rural economy. We are all aware—and the Planning Commission has also now agreed—that to improve the economy of our country, the basic factor is agriculture and to the extent to which we are able to progress in regard to increasing the per-acre production and put our agriculture on a scientific and technical basis for higher production, the economy of the country will improve, will

come up and, therefore, all these money institutions that at present work in big towns and cities should think of helping our rural areas by opening their branches even though for some initial period it may not be remunerative. If a public sector concern like the State Bank of India does not take this risk, can we expect other commercial banks to do this? I know that there are in our country several big towns where no banking facility is available; no commercial bank office, no State Bank office, no co-operative bank office, exist and the people feel that in spite of their best efforts to do something for the good of the country they are not even helped to the extent to which they deserve and which they need.

I would, therefore, Sir, urge that commercial considerations should not come in the way of having more offices in those towns and areas where not a single banking office at present exists. I am sure that in course of time, with the progress in our economy and in our rural areas, after a few years, these offices will be very remunerative and self-supporting but the initial risk has to be taken and I earnestly request that this public sector concern should take this risk to see that our rural economy comes up and the whole ideal which we have put before us is achieved to the extent possible. Therefore, maximum facilities have to be provided for banking transactions in rural areas. I know after independence the great adventure of planning for the economic and social upliftment of the country has a great role to play. Economic development meant something more for these banks than deposit banking and loaning business'. It meant the creation of credit for financing new investments channelling of savings for productive utilisation and formation of capital through savings and investments. In the rural areas we find that people have money. They want to deposit their money; they want to put their money in savings but for want of such institutions they do not depo-

[Shri M. C. Shah.] sit their money and their moneys are wasted in litigation, social functions* etc.

Therefore, I wish that this new field of receiving deposits from the rural areas should be efficiently tapped and the people in the rural areas should be encouraged to save whatever little amount they may have and deposit it with these subsidiary banking offices. A new habit has to be cultivated in our people; it is in the interest of themselves, it is in the interest of the future of their family and it is in the interest of the country as a whole that this habit of saving—to whatever extent it is possible—should be developed by one and all of them and that could only be done if we try to coordinate our activities and help our people in the rural areas for this purpose. As I said there are several towns—more than a thousand I should think—where no banking facilities are available at present and this Bank should really think of opening its offices there even at some risk in the initial period. I have some figures with me. I was told that the per capita deposit in India is only Rs. 47 as against Rs. 2,000 in the U.K., Rs. 1,400 in Japan, Rs. 1,800 in Italy and Rs. 6,000 in the U.S.A. This means that in a progressive economy it is necessary that people should earn more and save more. And their saving should be channellised so that it could be made useful for the development activities of the country. Those who have got transactions both with the commercial banks and with the State Bank know very well that people generally prefer to have their accounts with the commercial banks rather than with the State Bank. The attitude of the officials in the State Bank is never co-operative. As a matter of fact they never care what the client would like or to be helpful to the client. They do not care to enthuse in him a spirit of confidence that their interests will be well looked after by the State Bank.

We have in our towns several offices of the commercial banks as well as of

the State Bank. The State Bank does not care for having more accounts or for inviting more people to deposit their money with them because they deal with Government money. The Government treasury is there and therefore they are never anxious to invite people to come to their Bank and have their accounts with them. We know in certain taluka towns where the Government treasury and the State Bank office are situated, when people from the rural areas have to get Rs. 10 or Rs. 15 from the Treasury, they have to wait for two to three hours. They have often to grease the palm also. Now he is directed with a chalan to the State Bank office where he has to present it. When he goes there to get the money, he has to prove that he is the proper person to receive the amount, identification is necessary. And the Bank's working hours are up to 3'00 P.M. and if he goes there even a minute later he is told, 'come tomorrow; it is already three o'clock'. That means that people do not get that sense of oneness with this Bank. That is why people prefer to have their accounts with the commercial banks. I myself maintain accounts with the State Bank and with other commercial banks and I have seen the difference in the treatment received from the two different institutions. I would therefore request with whatever emphasis I can command that if necessary the officials for the offices of the State Bank in the rural areas should be given a special training on how to treat their customers and those who do well should be encouraged, should be congratulated and those who do not function properly in the rural areas should be taken to task.

Lastly, the hon. Minister said that the State Bank deposits in development activities were growing higher and higher every year. I would like to know from him the figures regarding investment in assistance to small scale industries, assistance to co-operatives and advances against warehouse receipts. If these figures are available, we will be able to see how

far the State Bank has been able to help in the development activities of the country.

Thank you.

श्री विमलकुमार मन्नालालजी चौरड़िया

(मध्य प्रदेश) : उपसभाध्यक्ष महोदय, इस बिल पर काफी चर्चा हो चुकी है और कई बातों पर प्रकाश डाला जा चुका है। मैं भी इस बिल का समर्थन करने के लिये खड़ा हुआ हूँ।

यह बड़ी प्रसन्नता की बात है कि स्टेट बैंक ने यह निर्णय किया कि लोकल बोर्ड्स को पावर्स दी जाय और जैसा कि वक्तव्य में इशारा भी किया गया कि इसके बैंकिंग सिस्टम का विकास किया जाय तो यह बड़ी प्रसन्नता की बात है, किन्तु जो खास खास वृत्तियाँ हैं उनकी ओर भी ध्यान दिलाना मैं आवश्यक समझता हूँ।

सबसे बड़ी बात यह है कि हमारे स्टेट बैंक के अधिकारियों की मनोवृत्ति, कर्मचारियों की मनोवृत्ति, जैसी अन्य विभागों के, सरकारी दफ्तरों के, कर्मचारियों की होती है वैसी ही है, जो उनमें किसी भी क्लायंट से डील करने के लिए एक व्यापारिक एप्रोच होना चाहिए उसका उनमें अभाव रहता है। बड़े से बड़े अधिकारी से लेकर छोटे से छोटे कर्मकारी तक की यही स्थिति है, जैसे कि शासकीय कर्मचारियों का एप्रोच रहता है, पुलिस वालों का रहता है, फॉरिस्ट वालों का रहता है या अन्य डिपार्टमेंट वालों का रहता है उसी तरह का उनका भी एप्रोच रहता है और ऐसा सोच कर चलते हैं कि इसकी गर्ज होगी तो मेरे पास आयेगा। उनके मन में यह भावना नहीं रहती कि किसी तरह से अपने बैंक का विकास हो, इसका कार्य ठीक ढंग से चलायें कि इसकी बराबर वृद्धि होती जाय। इस दृष्टि से उनका एप्रोच होता नहीं तो इस एप्रोच को ठीक करने के लिए जो स्टेट बैंक के ऊपर के अधिकारी हैं, ऊपर की अथॉरिटीज हैं, उनको विचार करना चाहिए इसके अभाव में यह भी होता है कि हम जो लाभ लोगों को देना

चाहते हैं—जिस लाभ को देने के लिए हम बड़ी आशा से पार्लियामेंट के सदस्य यह कोशिश करते हैं—वह लाभ लोगों को पहुंच नहीं पाता। कारण यह है कि स्टेट बैंक से रुपया लेना हो या वहाँ रुपया जमा कराना हो तो इतनी फारमैलिटीज पूरी करनी पड़ती है, या कर्ज लेना हो तो यह जानते हुए भी कि यहाँ से सस्ते सूद पर कर्ज मिलने वाला है, फारमैलिटीज के चक्कर से बचने के लिए लोग उससे दूर रहने की ही कोशिश करते हैं। इतने फार्म वर्गैरह भरने पड़ते हैं, इतनी फारमैलिटीज करनी पड़ती है और उसके बाद जो उन फारमैलिटीज को डील करने के लिए कर्मचारी रहते हैं उनका व्यवहार इतना अव्यवहारिक रहता है—उनका व्यवहार व्यापारिक दृष्टिकोण पर नहीं रहता—कि उसके परिणामस्वरूप लोगों को इसकी तरफ आकर्षित करने की अपेक्षा इसके प्रति नफरत पैदा करते जा रहे हैं। तो इसकी ओर भी ध्यान देना आवश्यक है।

इसी संदर्भ में थोड़ासा यह भी लक्ष्य कर दूँ कि जैसा कि हम सहकारी बैंकों में देखते हैं कि अगर आश्तकार को छपया उधार लेना होता है तो उसके कई कर्मचारी कुछ कमीशन वसूल करके फिर उसको रुपया उधार देते हैं और फिर जब रुपया उसे जमा कराना होता है तो चूँकि काश्तकार के पास रुपया होता नहीं इसलिए वहाँ के जो साहूकार हैं, उस क्षेत्र में जो रुपया उधार देने वाले हैं, उनसे वहाँ के बलक मिल कर और आपस में कमीशन ठहरा कर साहूकार के यहाँ से काश्तकार को रुपया उधार दिलवा कर, यह गारंटी देकर कि जो भी रुपया आयेगा वह आपके नाम डिपोजिट करा देंगे, बीच में कमीशन ठहरा कर, रुपया जमा कर देते हैं, ऐसा जो सरकिल बना हुआ है उसकी वजह से वास्तविक लाभ जो काश्तकारों को मिलना चाहिये वह नहीं मिल पाता और वे क्लर्क अपने को सरकारी नौकर मान कर चलते हैं। तो हमारे सहकारी बैंक में इस प्रकार

[श्री विमलकुमार मन्नालाल जी चौरड़िया]

को व्यवस्था शुरू से चल रही है। इनके जरिये जो रुपया कम ब्याज पर और सस्ती दर पर हम देना चाहते हैं, वहसारी गड़बड़ की वजह से हम दे नहीं पाते हैं; क्योंकि जब तक हर एक को दो-दो, तीन-तीन रुपया कमीशन के तौर पर नहीं मिलेगा, तब तक रुपया मिलने वाला नहीं है। अभी हमारे मित्त ने एक आने रुपया प्रति माह ब्याज की बात कही है, लेकिन मुझे मालूम है कि कहीं कहीं दो आने रुपया प्रति माह ब्याज लेते हैं। तो इसका परिणाम यही होता है कि काश्तकारों को जो लाभ हम देना चाहते हैं, वह दे नहीं पाते।

इसलिये हमारे इन प्राइवेट बैंक के कर्मचारियों को थोड़ी आनेस्टी दिखानी पड़ेगी, उनमें कर्मशियल, व्यापारिक, बुद्धि पैदा करनी पड़ेगी। प्राइवेट बैंक में जो कर्मचारी होते हैं, उनका जो अप्रोच होता है और हमारे स्टेट बैंक के कर्मचारियों में जो अप्रोच होता है, उसमें जमीन आसमान का फर्क है। वह माननीय भगत साहब ने अगर अनुभव नहीं किया हो तो वे कृपया एक बार खुद जाकर, देखकर कर लें। तो ऐसी स्थिति में जब तक हम उसकी कार्य-प्रणाली में परिवर्तन नहीं करते, तब तक कुछ हो नहीं सकता।

अब यह स्टेट बैंकों की व्यवस्था व्यापक हो इसके बारे में मंत्री जी ने कहा कि हम इसका विकास करना चाहते हैं। मगर ग्रामीण क्षेत्रों में आज भी यह स्थिति है कि वहां के लोगों को बैंकों की व्यवस्था नहीं मालूम। हमारे माननीय सदस्य श्री शाह ने बताया कि यहां की पर-कैपिटल डिपॉजिट ४७ रुपया है, जब कि वहां हजारों रुपया है। इसका मूल कारण यह है कि हमारी आज तक की योजना शहर के लोगों को लाभ देने की है, आज तक हमारी योजना ग्रामीण क्षेत्रों को लाभ देने की नहीं रही और जब तक उनके पास पैसा नहीं आता,

जब तक देश के ७५ प्रतिशत लोगों की जे में पैसा नहीं आएगा, तब तक वे कहां से जमा करेंगे। हम चाहते तो हैं कि काश्तकारों को बैंकों के माध्यम से सस्ते ब्याज पर रुपया मिलता रहे, मगर काश्तकार की आमदनी का बहुत सा रुपया ब्याज के रूप में चला जाता है, वह अपने लिये बचा नहीं पाता; और उसका लाभ के लिये कोई आकर्षण नहीं रहता।

खुशी की बात है, हमारे मंत्री जी योजना विभाग से भी सम्बन्ध रखते हैं। मैं उनसे कहना चाहूंगा कि यदि आप इन बैंकों को सफल बनाना चाहते हैं, ४७ २० को कम से कम ४७० २० तक पहुंचाना चाहते हैं, तो आपको हमारे काश्तकारों की आमदनी बढ़ानी पड़ेगी और जब तक आप ऐसी योजना नहीं बनाते कि जिससे उसको रेन्यू-नरेटिव और सपोर्टिंग प्राइस नहीं मिलेगा तब तक उसके पास पैसा नहीं आएगा। अगर हम सोचें कि केवल कर्जा दे देने से उसकी समस्या हल हो जायेगी—यह थियूरी मान कर चलेंगे—तो फिर दो चार-साल बाद एक अराजकता की स्थिति का हमें सामना करना पड़ेगा। जब तक उनकी डिपॉजिट करने की कैपेसिटी नहीं बढ़ेगी, तब तक आप उनके लिये कुछ कर सकेंगे, यह संभव नहीं।

तो इस दृष्टि से मैं केवल इतना ही निवेदन कर देना चाहता हूँ कि एक तो कर्मचारियों में व्यावहारिकता आनी चाहिये, दूसरे, जितनी फारमेलिटीज अधिक है, उनको कम से कम करें, तीसरे, हम रूरल क्षेत्र में डिपॉजिट करने की मनोवृत्ति पैदा करेंगे। जब तक हम ऐसा नहीं करेंगे, हम स्टेट बैंक को व्यापकता दे सकेंगे और अपने यहां अमन और चैन की कल्पना कर सकेंगे, इसकी संभावना नहीं है।

SHRI B. R. BHAGAT: Mr. Vice Chairman, it is indeed very heartening that this Bill has received the all

round support of hon. Members. It gives me a great moral support and I must confess that the debate has "been extremely constructive and I take the suggestions of the hon. Members in the spirit in which they have been made. I shall try to inject this feeling into the employees of the State Bank that they should accept the suggestions for improving its working, its servicing facilities, its attitude to the people whom they seek to serve. They should do it in a spirit of efficiency and humility. I hope they will be well advised to take this advice. Precisely for this reason while moving the motion I said it. I entirely agree with him. The hon. Member expressed in Hindi the same sentiments which I expressed while moving the motion. The State Bank should seek to adopt commercial practices, although it may not adopt a commercial outlook, namely, the profit-motive and other things. All the profits are ploughed back for developmental needs. Adopting commercial practice means working efficiently. Powers to take decisions should be decentralised. Serving the people, the clientele it seeks to serve, should be efficient. Their treatment should be gentle. On all these points there are no two opinions. One of the reasons for lack of efficiency is that when an institution grows and grows and it becomes centralised, the procedure becomes more rigid. The result is that it is not able to cope with the enlarged volume of work, the dimension and scale of operations. That is why, while giving the background for the last few years, I said the State Bank has expanded. So many branches have been opened. The deposits are going up. In the coming years it is going to open more and more branches in many areas. The hon. Member said that each taluk headquarters should have a branch. I look forward to that day when the State Bank will have a branch in each area where there is some sort of economic activity, whether it is a rural activity or trading activity. The greatest bottle-neck is not the lack of desire or planning on the part of the State Bank or the

policy of the State Bank. The Government wants to open branches. As said, the needs are changing. I gave an example to show how the nature of the advances is changing. The outlook for advances is more of an industrial nature, mostly in some of these sophisticated industries. It is our aim that it should go more to small-scale industries. For all this, a well-trained and well-equipped, intelligent cadre is required.

It has been the experience of the State Bank that although they have planned ambitiously to expand their branches and go out to areas where it is impossible for other commercial banks to go—because they will go there with a profit motive—they could not achieve it. The State Bank because of its size and constitution, because it is a public sector undertaking, can afford to sustain loss, if it seeks to serve some social and national policy. Although it has been adopting this policy, the limiting factor has been the lack of a trained cadre. You have to train them up. That is the reason why in our efforts to expand faster, to a certain extent efficiency is lost. And, therefore, what we seek to achieve through this Bill is to approve certain structural changes, changes in the composition of the central bank, changes in the composition, functions and the powers of the local Board, and give them certain facilities to work. I am glad that this forward-looking or progressive measure, so as to streamline and make the State Bank a more efficient instrument of public-sector banking, has been welcomed by all sections of the House. I hope that when all these measures are implemented after the Bill is enacted, some of the expectations of some of the hon.

Members would be realised. They wanted that the State Bank should function as an efficient organisation. It

will set an example not only in respect of its public and social policy, but also in its working. This should be realised. That should be the motto of the State Bank and in that respect I am in agreement with the hon. Members.

[Shri B. R. Bhagat.J

After these general points, I would like to deal with some of the specific points that have been raised. For example, it was said by Mr. Reddy that the subsidiaries do not pay salaries equal to the State Bank. That is true. The hon. Member perhaps knows that there is a history behind it. We had the Desai Award. They divided banks into different categories. Two of the subsidiary banks are in category A. Two others will also soon come into this category. So, four of them will be in category A—very soon. There will be no difference in the pay structure of the State banks in category A. As long as the Desai Award remains—of course, it has been modified—there will be some disparity, but this is what we have inherited. I think it will continue for some time and there should not be any objection to it as a temporary phase. Ultimately, when the subsidiaries are merged and the State Bank becomes one, or when the subsidiaries have become bigger, all these discrepancies will disappear.

5 P.M.

Then he said something about the co-operative sector and the small-scale sector. I am in agreement with him that although the State Bank has been trying to do things for both the sectors, the total result so far has not been very much, and I think it should be one of the efforts of the State Bank to move more and more in this line. For example, so far as the advances to the co-operative societies are concerned, giving remittance facilities, it has been increasing. First, it does on behalf of the Reserve Bank, as the agent of the Reserve Bank. Regarding this facility, for example, in 1962-63 they did it to the extent of Rs. 175 crores on behalf of the Reserve Bank and on their own behalf Rs. 176 crores; in 1963-64 this figure went up to Rs. 259 crores on behalf of the Reserve Bank as against Rs. 175 crores; and now it is Rs. 186 crores as against Rs. 133 crores on behalf of the State Bank itself.

Then similarly with regard to the small-scale sector the outstanding day is Rs. 14 crores and on the co-operative side it is Rs. 20 crores. More than that, the accommodation available is much larger, but they have not been able to avail themselves of it. And here I must say that whatever may be the reasons for it, I think in these two sectors, of course, it is the Reserve Bank's primary responsibility to help and finance the co-operative sector and the State Bank's effort in this respect is supplemental. But I think it would make a big impact on the small-scale industries as a decentralised sector—providing more employment, enabling dispersal of technical efficiency and spreading it far and wide—if the State Bank should play its role in a much larger manner.

Then, some point was raised that in clause (d), as against eight directors, it has now been reduced to six, and then the minimum of two for the co-operative sector is not there. He said that although he welcomed the other provisions in the nature of liberalisation and progress, he failed to understand this. Let me explain briefly the whole scheme of the thing. The entire composition of the Central Board is now different and one of the elements which will provide a democratic structure to it will be all the presidents of the Local Board and the number of the local Boards will be larger. They will come into being and when the subsidiaries at some stage merge, then there will be other elements and some of those who hold the shares might get elected. That is the reason why, in order that the Board may not become too unwieldy, it has been reduced from eight to six. Now the strength is two to six. If there is enlargement in this category to three to six or so, you cannot say that this should be from the co-operative sector. But it certainly will be borne in mind by the State Bank that equal representation should continue to be given to the co-operative sector.

I think these were all the points that were made. With these words, I am again thankful to the Members who have lent their support to the Bill.

SHRI MULKA GOVINDA REDDY: I made a reference to the paucity of funds in the Industrial Finance Corporation for financing co-operative sugar factories, and licences have been withheld because there is no money. What is the attitude of the Finance Ministry with regard to financing them?

SHRI B. R. BHAGAT: I will pass this suggestion on to the State Bank.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA): The question is:

"That the Bill further to amend the State Bank of India Act, 1955, as passed by the Lok Sabha, be taken into consideration."

The motion was adopted.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : We shall now take up the clause by clause consideration of the Bill.

Clauses 2 to 18 were added to the Bill.

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

SHRI B. R. BHAGAT: Sir, I move:

"That the Bill be passed."

The question was put and the motion was adopted.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA): The House stands adjourned till 11 A.M. on Saturday.

The House then adjourned at six minutes past five of the clock till eleven of the clock on Saturday, the 3rd October, 1964.