

**ANNOUNCEMENT *RE* AKREST OF  
SHRI M. BASAVAFUNNAIAH**

MR. CHAIRMAN: I have to inform Members that I have received the following letter from the Inspector General of Police, Hyderabad: —

"I have the honour to inform you that the following Member of the Rajya Sabha was taken into custody for detention under Sub-Rules (1) of Rule 30 of the Defence of India Rules, 1962, issued by the Government of Andhra Pradesh in the orders quoted against him:

Shri M. Basavapunnaiah, M.P.—. ' G. O. Ms. No. 1705 General Administration (SC-D) Department

He was taken into custody at New Delhi on 2nd December, 1962 at 3 P.M. for detention in the Central Jail, Rajahmundry, East Godavari, Andhra Pradesh."

**THE STATE-ASSOCIATED ~ BANKS  
(MISCELLANEOUS PROVISIONS) BILL,  
1962**

THE DEPUTY MINISTER IN THE  
MINISTRY OF FINANCE (SHRI B. R.  
BHAGAT): Sir, I rise to move:

"That the Bill further to amend the State Bank of India Act, 1955, the State Bank of India (Subsidiary Banks) Act, 1959, and the Bankers' Books Evidence Act, 1891, and to provide for the winding up of certain minor State-associated banks and for matters connected therewith, as passed by the Lok Sabha, be taken into consideration."

Sir, as the amendments which we are trying to introduce in the various enactments relating to State-associated banks are mainly of a clarificatory nature, I shall try to be very brief.

The House will recollect that in pursuance of the provisions of the State Bank of India (Subsidiary Banks) Act, 1959, we took over and reconstituted eight medium-sized banks as subsidiaries of the State Bank of India. The general scheme of the law as it was passed in 1959 was based on certain agreements which had been arrived at with the directors and shareholders of the banks concerned during the negotiations which preceded the introduction of the Bill. The names of the eight subsidiaries as they were constituted or reconstituted between the 1st October, 1959 and the 1st May, 1960 were also chosen, after taking into consideration the ascertained wishes of the directors and shareholders of the institutions as they were in existence at that time.

We considered it necessary and desirable in 1959 to provide for the undertaking and assets of any of the subsidiaries to be made over to any other subsidiary, or if necessary, to the State Bank of India itself. We did not anticipate, however, at that time, that it would be necessary to provide for a change in the name of a subsidiary, consequent on the transfer to it of the undertaking assets or liabilities of any other institutions.

It has recently become necessary to change the name of one of these subsidiaries. Honourable Members from the Rajasthan area may be aware that the State Bank of Bikaner has agreed to take over the business of the State Bank of Jaipur and that it has been decided that the new institution, after this amalgamation, should be known as the State Bank of Bikaner and Jaipur. We have come up to this House, in view of this decision, with a proposal that the necessary powers for authorising a change in name of any statutory subsidiary might be conferred on the Central Government.

Sir, apart from the statutory subsidiaries of the State Bank of India, we have been concerned with a number of minor banking institutions in which

the Central and the State Governments came to be interested, mainly as a result of historical accidents, either as shareholders or proprietors. When the integration of the Princely States was completed, there were twenty-six minor institutions of this kind with which we were associated. We have provided for the merger of six of these institutions in the State-associated banks in the public sector and three more are intended to be dealt with in the same manner. We have also taken adequate steps to strengthen two other institutions which are expected to continue as independent and viable units, while thirteen institutions have ceased for various reasons to be banking companies. We have in other words decided finally the future of twenty-four out of the twenty-six minor institutions to which I have referred. It has not been possible to make any satisfactory provision in regard to the two petty banks which still remain, as they have been constituted under two enactments by the former Rulers which are somewhat unsatisfactorily worded and do not permit the winding up of these institutions, although they have, in point of fact, ceased to conduct any normal business for quite some time. It has now been proposed that the drafting lacunae in these old enactments should be rectified, so that these two institutions may be wound up in an orderly manner.

Sir, another existing enactment which is unsatisfactorily worded is the Bankers' Books Evidence Act of 1891. Circumstances have changed very considerably since this Act was passed, but it has not so far been brought up to date. We are utilising the opportunity provided by the present Bill to extend this Act to public sector banking corporations which technically have so far remained outside its scope.

There are two minor amendments to the provisions of the law relating to participation at meeting or voting, by directors of the State Bank or its

subsidiaries who may be interested only nominally in the matters coming up before them, but as these provisions of the Bill are based on recent amendments to the Companies Act, 1956. I do not think that it will be necessary for me to deal with them in any detail.

The Bill, Sir, is a relatively unimportant one. The amendments which it seeks to introduce are more or less formal, and I would request the House to accept them in the form in which they now stand.

*The question was proposed.*

SHRI PANNALAL SARAOGI (West Bengal): Mr. Chairman, I rise to extend my support to the State-associated Banks (Miscellaneous Provisions) Bill, 1962 and to welcome the same as a desirable piece of legislation.

Sir, I had the privilege of being associated with the Bank of Bikaner Ltd. as its Chairman and as such I was intimately conversant with the working of the said financial institution. The working of the said Bank was extremely good and its intrinsic condition very sound. This was reflected by the State Bank of India paying compensation to the shareholders of the Bank of Bikaner Ltd. as much as 50 per cent, higher than the paid-up value of the shares. To be precise, as against the paid-up value of the shares being Rs. 25 the shareholders of the Bank got the payment of Rs. 37-25 from the State Bank of India for every share held by them. Sir, let me point out here that out of the eight State-associated banks which the State Bank of India took over and made its own subsidiaries, the shareholders of the Bank of Bikaner Ltd. got the highest compensation and it stood first as against the remaining banks. On the other hand, Sir, the working of the Bank of Jaipur was relatively very weak and was found not up to the mark, and among the same principles of compensation the shareholders of the Bank of Jaipur

[Shri Pannalal Saraogi.]

got nearly 20 per cent, less than the paid-up value of the shares.

And in this context in order to improve the working of the Bank of Jaipur, when I was associated with the Bank of Bikaner, I had mooted a proposal to the Government of Rajasthan who were holding a large bulk of shares of the Bank of Jaipur, that these two Banks be amalgamated so that a stronger and a more viable economic unit might emerge in the good interests of everybody concerned. The Government of Rajasthan were naturally very pleased and they agreed to my proposal but they had to take the consent of the Government of India which, however, was not made available to them. But shortly afterwards the State Bank of India came out with a proposal to the managements of eight State-associated Banks asking for their voluntary agreement that these Banks be made subsidiaries to the State Bank of India. As a matter of fact, all these eight State-associated Banks were handling Government treasury business in their different branches all over the country and the State Bank of India was naturally very keen on owning *These* financial institutions for the purpose of bringing about comprehensiveness and congruity in their own interest. It was no mean task, it was really a difficult task to persuade all the Banks to agree voluntarily. And I would state here that Shri P. C. Bhatta-charya, who was the Chairman of the State Bank of India then, really did a very creditable job and acted with extreme tact and vision in persuading these Banks successfully as also in formulating a uniform and reasonable formula for the purpose of determining the compensation to be paid to the shareholders of the respective Banks.

Sir, everything went on very well, and the transfer and the change-over were smooth. It is really welcome that compact and more viable eco-

omic units in the country, especially in the domain of banking, should be brought about, and in this context I welcome the present Bill. And I also welcome that the stronger Bank, the Bank of Bikaner, is taking over the assets and liabilities of the Bank of Jaipur according to the provisions of section 38 of the State Bank of India (Subsidiary Banks) Act, 1959. It is also meet and proper that the name of the transferee institution, after the amalgamation, should be so changed as to include a reference therein to both Bikaner and Jaipur. As the hon. Deputy Minister just now explained, as the existing provisions of the law do not provide for a change in the name of any of the statutory subsidiaries of the State Bank of India, it is proposed to amend the State Bank of India (Subsidiary Banks) Act, 1959 suitably, so as to provide for any such change.

Sir, as stated in paragraph 2 of the Statement of Objects and Reasons, the opportunity provided by this amendment is taken by Government for clarifying the provisions of the State Bank of India Act, 1955, relating to voting by the directors of the State Bank and to modify the provisions of the Bankers' Books Evidence Act, 1891. The State Bank of Dholpur and the State Bank of Kurundwad (Junior) which were established under statutes enacted by the former Indian Rulers have not been functioning normally. So, it has been provided under this Bill for the orderly winding up of these Banks.

As the hon. Minister has himself said, there is nothing very much substantial in this Bill. But it is good that the weaker economic units are thought of for being taken over by the stronger units, and in the banking field it is really desirable that such things should always take place.

I welcome the Bill.

श्री कृष्ण चन्द्र (उत्तर प्रदेश) : सभापति जी, माननीय उपमंत्री जी ने अभी कहा कि यह जो विधेयक है बहुत ही साधा-

रण विधेयक है और इससे पहले जो विधेयक आया था उसमें देश में जो छोटे छोटे बैंक हैं जोकि इतने मजबूत नहीं हैं, कमजोर हैं, उनको स्टेट बैंक के साथ मिलाने की व्यवस्था थी। माननीय मंत्री जी ने जैसा अभी बतलाया कि इस मिलाने की व्यवस्था को कार्यरूप में परिणत करने के लिये बैंक आफ बीकानेर के सम्बन्ध में दिक्कत सामने आई क्योंकि यह बैंक एक बड़ा मजबूत बैंक है, जिसके बारे में अभी श्री पन्नालालजी ने भी बतलाया, और जयपुर बैंक एक कमजोर बैंक है और इन दोनों बैंकों को मिलाने की व्यवस्था करनी थी। इन दोनों बैंकों की तथा स्टेट बैंक की भी यह इच्छा थी कि दोनों को मिला कर जो बैंक बने उसमें बीकानेर तथा जयपुर दोनों का नाम आ जावे। नाम को बदलने की कोई व्यवस्था हमारे अधिनियम में नहीं थी, इसलिये इस कमी को दूर करने के लिये यह वर्तमान विधेयक माननीय उपमंत्री जी सदन के सामने लाये हैं और मैं इसका समर्थन करता हूँ।

इस विधेयक के अन्दर, जैसा कि बतलाया गया है यह भी व्यवस्था है कि स्टेट बैंक के जो डायरेक्टर होंगे उनको वोट देने का अधिकार विस्तृत होगा। बैंक कम्पनी कानून के अधीन डायरेक्टरों को वोट देने का संबंध में एक कड़ा नियम है। अगर कोई डायरेक्टर किसी कम्पनी में इंटरस्टेड है और स्टेट बैंक उस कम्पनी से कोई मुआहिदा करे तो डायरेक्टर उस मुआहिदा की कार्यवाही में हिस्सा नहीं ले सकेगा। इस बिल में अब यह व्यवस्था कर दी गई है कि अगर बैंक के डायरेक्टर का उस कम्पनी में खाली शेयरहोल्डर का रिश्ता हो, वह मामूली शेयरहोल्डर हो, अर्थात् उसके दो प्रतिशत से ज्यादा के हिस्से न हों, तो डायरेक्टर को वोट देने का अधिकार बना रहेगा और वह बहस में हिस्सा भी ले सकेगा। यह एक अच्छी बात है और मैं इस का समर्थन करता हूँ।

इसके सम्बन्ध में कुछ बातें विशेष रूप से स्टेट बैंक के संबंध में माननीय उपमंत्री जी के सामने रखना चाहता हूँ और मैं आशा करता हूँ कि वे इस सम्बन्ध में अवश्य प्रकाश डालेंगे। रिजर्व बैंक और स्टेट बैंक के ऊपर गवर्नमेंट ने एक बहुत बड़ी जिम्मेदारी डाली है कि वह लघु उद्योग को वॉकिंग कैपिटल देने के लिये पूंजी की आवश्यकता को पूरा करने के लिये हर तरह से मदद करे। अभी तक स्टेट बैंक और बड़े बड़े बैंक केवल देश के बड़े बड़े उद्योगों को ही काम चलाने के लिये रुपया अथवा पूंजी की सुविधा देते थे। लघु उद्योगों को पूंजी की सुविधा देने के लिये उनका रुख अच्छा नहीं था और आसानी से इन छोटे उद्योगों को रुपया नहीं मिल सकता था। गवर्नमेंट ने यह कोशिश की कि लघु उद्योगों के प्रति बैंकों की जो मनोवृत्ति है, जो रुख है वह उदारता का हो जाय नरमी का हो जाये ताकि लघु उद्योग इस देश में पनप सकें और तरक्की कर सकें। इस कमी को दूर करने के लिये सरकार ने लघु उद्योगों को पूंजी आसानी के साथ उपलब्ध हो सकने के लिये एक "क्रेडिट गारंटी" की स्कीम बनाई जिसके द्वारा अगर बैंक लघु उद्योग वालों को उनके काम के लिये पूंजी देंगे तो उसके नुकसान को निर्धारित प्रतिशत तक रिजर्व बैंक पूरा कर देगा। इसी उद्देश्य को सामने रखकर सरकार यह स्कीम लाई थी ताकि स्टेट बैंक और दूसरे बैंक लघु उद्योग वालों को रुपया दे सकें और लघु उद्योगों को अपना काम चलाने में दिक्कत और परेशानी न हो तथा बैंक रुपया देने में आगा पीछा न सोचे और लघु उद्योग वालों के प्रति उनका रुख नर्म हो जावे। स्टेट बैंक ने अभी ५२ जिलों में लघु उद्योग वालों के लिये यह व्यवस्था चालू की है। मैं इस सम्बन्ध में माननीय उपमंत्री जी का ध्यान आगरा जिले के अन्दर फीरोजाबाद शहर की ओर दिलाना चाहता हूँ जो सारे उत्तर प्रदेश में लघु उद्योगों का गढ़ है। वहां पर बहुत सारे लघु उद्योग फैले हुए हैं लेकिन स्टेट बैंक का

[श्री कृष्ण चन्द्र]

रुख लघु उद्योगों के प्रति वहां वैसा ही कड़ा बना हुआ है। रिजर्व बैंक ने भी स्टेट बैंक को प्रेरणा दी और माननीय वित्त मंत्री जी ने भी कितने ही स्टेटमेंटों में कहा कि बैंकों को लघु उद्योगों के प्रति अपना रुख बदलना चाहिये और उदारता के साथ उनकी मदद करनी चाहिये। लेकिन मुझे अफसोस है कि स्टेट बैंक जो वहां पर फीरोजाबाद में है उसका रुख उतना ही कड़ा लघु उद्योगों के प्रति है। पिछली बार मैंने यहीं इसी सदन में एक सवाल किया था और उसका जो जवाब मिला था और जो आंकड़े बतलाये गये थे कि कितना रुपया उन्होंने लघु उद्योगों को दिया है उससे यह मालूम हुआ कि बहुत थोड़ी रकम आगरा जिले के फीरोजाबाद में बैंक ने लघु उद्योग को इस योजना में उधार दी हुई है। इस सम्बन्ध में खास तौर पर एक बात कह दूँ कि बाज दफा बैंक विशेष सक्तियां करते हैं। स्टैनलेस स्टील बाहर से आता है, लेकिन फीरोजाबाद के स्टेट बैंक ने स्टैनलेस स्टील की जमानत पर रुपया देने से इनकार कर दिया है। यहां दिल्ली में जो स्टेट बैंक का क्षेत्रीय दफ्तर है उसको खुद मैंने लिखा। लेकिन उसका मुझे अभी तक उन महासचिव ने जवाब तक देने का शिष्टाचार नहीं दिखाया। मैं ये सब बातें माननीय उप-मंत्री जी के सामने रखता हूँ और उनसे आशा करता हूँ कि लघु उद्योगों को उनकी काम चलाऊ पूंजी के लिए बैंकों से रुपया मिलने में दिक्कत न हो। यह जो सरकार की घोषित नीति है, वित्त मंत्री जी की नीति है, उद्योग मंत्री जी की नीति है और सारी गवर्नमेंट की नीति है, इसके लिये आप ऐसे कोई और कदम काम में लाये ताकि स्टेट बैंक तथा दूसरे बैंक इसका पूरी तरह से पालन करें और उनकी मनोमत्ति लघु उद्योगों के प्रति उदार हो।

बस, मुझे इतना ही निवेदन करना है  
— मैंने पहले कहा था कि माननीय उपमंत्री जी

इसके ऊपर कुछ प्रकाश डालने की अवश्य कृपा करेंगे।

MR. CHAIRMAN: I am in the happy position of enquiring whether other Members would like to speak. Mr. Bhagat.

SHRI B. R. BHAGAT: Sir, I am very glad that the two hon. Members who chose to speak on this Bill have given their full support to this measure. This has heartened me, and I have no doubt that the House will pass this Bill unanimously.

The common point raised by the two hon. Members was that it is a very welcome measure, because it will strengthen the banking structure. In recent months we have been trying to take various measures so as to strengthen the banking structure and we have taken a number of measures, and this was only to facilitate legal enactments so as to bring about a merger of two subsidiary banks and give a new name.

As for the point raised by the hon. Member that it is good that directors who are nominally interested or shareholders holding less than two per cent, of the share holding should not be debarred from participating—he has welcomed it—I would like to point out to this hon. House that Parliament has already accepted this principle, and it is only an extension of that principle that we are trying to bring in here so as to apply it to the banks, and I pointed this out very briefly but indirectly at the time the Companies Act of 1956 was amended; that amendment was made only recently and it has been accepted that the directors in any company, whose share holding is less than two per cent., need not be debarred from attending or participating in the board's meetings. And the same principle we wanted to extend to the banks, and therefore this is only an extension of the accepted principle.

that is being sought here; it is no new principle.

Then the hon. Member raised a somewhat larger point of assistance to the small-scale industries. This is not very germane to this Bill, but as he has raised it, I may very briefly point out that it is true that it is Government's policy that more and more facilities—loans included—for the development and promotion of small-scale industries should be provided by the banks; it is the considered policy of the Government and we are trying to do everything possible. Under the Credit Guarantee Scheme a limit of Rs. 12 crores has been provided, of which 80-85 per cent, has been handled by the State Bank, that is, about Rs. 8-9 crores. In the very nature of the situation the State Bank should naturally come in a big way, and it has come in a big way. No other bank, you know, has come in such a measure as the State Bank, because out of Rs. 12 crores, Rs. 8-9 crores, or 8J crores are being provided by the State Bank. But I must confess before the House that much more needs to be done and we should do everything possible to encourage other banks also to come forward, giving them all facilities. Under the Credit Guarantee Scheme the limit has to be raised because, if you want to fulfil the purpose of developing and promoting small-scale industries, banking and financial facilities to them have got to be enlarged and expanded much more than they obtained today.

With these words, Sir, I commend this Bill for the acceptance of the House.

MR. CHAIRMAN: The question is:

"That the Bill further to amend the State Bank of India Act, 1955, the State Bank of India (Subsidiary Banks) Act, 1959, and the Bankers' Books Evidence Act, 1891, and to provide for the winding up of certain minor State-associated banks and for matters connected therewith,

as passed by the Lok Sabha, be taken into consideration."

*The motion was adopted.*

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

Clauses 2 to 6 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 WAREHOUSING CORPORATIONS BILL, 1962

THE DEPUTY MINISTER IN THE MINISTRY OF FOOD AND AGRICULTURE (SHRI A. M. THOMAS): Sir, on behalf of Shri S. K. Patil I move:

"That the Bill to provide for the incorporation and regulation of corporations for the purpose of warehousing of agricultural produce and certain other commodities and for matters connected therewith, as passed by the Lok Sabha, be taken into consideration."

Sir, the House might recollect that it passed the National Co-operative Development Corporation Bill during the last Session. With the passing of this Bill by this hon. House, the Agricultural Produce (Development and Warehousing) Corporations Act, 1956, would be displaced by two enactments, one, which I mentioned at the outset, and the second by this legislation. Under the Act of 1955, the National Co-operative Development and Warehousing Board, the Central Warehousing Corporation, and