

SHRI RAJ BAHADUR: Sir, I can assure you and the hon. Member that I will be very very considerate to all the points that he made but unfortunately for me, this was all a repetition of what he already said in the course of the second reading and if he has committed a wrong, the wrong of repetition, I believe two wrongs would not make a right. So, I will not repeat what I said. But let me again remind him that so far as the question of the Central Government's permission is concerned, in regard to raising of loans by the Corporations for expansion work or for capital expenditure, we insist on that because the Central Government has got shares in these. They have financial interest in these Corporations and when they have that, they are entitled to ask the Corporation to consult them before they go to the money market for borrowing for capital expenditure purposes. There is nothing wrong in that. Secondly, the Minister for Revenue and Civil Expenditure is here and he would insist that I should not allow the money market to be spoiled. So he would like to have some control over it.

DR. R. B. GOUR: That is only after he has joined the Central Government.

SHRI RAJ BAHADUR: Sir, the Member is less than kind to me. I submit that all these points have been argued and the House has considered them and the clause by clause consideration of the Bill is over. To raise these again at this stage would hardly be consistent with the recognised procedure.

About the second point, also I said that I do not think there is any bar to associate the workers' representatives with the Corporation. There is no bar so far as I can understand it but supposing there is, we will have to consult the Law Ministry and the point is further to be examined and we shall take necessary steps for that, if so required. Now if you are going to assail private business

people, who you say, have not the experience in business, how can you say that the worker has got that experience of management? He also has not that experience. He has experience of working with the tools given to him. I would say that we should keep our minds open on this question and I think can dispel all his doubts if my hon. friend has an open mind.

MR. CHAIRMAN: The question is:

"That the Bill be passed."

The motion was adopted.

THE STATE BANK OF INDIA (AMENDMENT) BILL, 1959

THE MINISTER OF REVENUE
AND CIVIL EXPENDITURE (DR. B.
GOPALA REDDI): Sir, I beg to 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, the Joint Select Committee held four sittings at which they considered this Bill.

No memorandum was received on the Bill, although ample opportunity was given, through a press communique published in all the papers, after the first sitting of the Committee, for the presentation of any points of view which might not have been considered before the Bill was drafted.

The objects of the Bill are: To simplify the procedure for the acquisition of the business of any banking institution by the State Bank of India Act under section 35; to enable the State Bank, notwithstanding any other law, to establish pension and superannuation funds as originally intended; to clarify the position that the amounts paid to the State Bank from out of the Integration and Development Fund will be free of

[Dr. B. Gopala Reddi.]

income-tax; and to make certain purely formal and clarificatory amendments in the Act.

The Committee has suggested a minor amendment in clause 6 relating to the acquisition of the business of other banks with the object of elucidating the meaning of the provision originally made in the Bill.

The amendment regarding Pension or Superannuation Funds which the Committee has not touched is intended to remove an unintended legal difficulty, consequent on the enactment of the Life Insurance Corporation Act, 1956.

The old pension and provident funds of the Imperial Bank of India, and the other funds which that bank took over from the Presidency banks will automatically continue in future as they have continued heretofore, but the problem is to frame regulations for fresh entrants into the State Bank's service after 1.7.1955. The original Act contemplated that these rules will be framed and the present amendment merely restates the position for the avoidance of all doubts.

As regards the exemption from tax of the payments made from the Integration and Development Fund two sums of Rs. 8.95 lakhs in February, 1959 and of Rs. 26.37 lakhs in July, 1959 have been paid to the State Bank from the Integration and Development Fund towards the losses of the bank on the new branches.

311 branches of the State Bank were opened up to the end of June 1959 and the present rate of branch expansion is about two per week. There is an agreed formula for the calculation of losses on these new branches (the agreement is between the Reserve Bank and the State Bank), and the losses as calculated according to this formula will be reimbursed to the State Bank to the extent of the difference between the amount of the losses and Rs. 15 lakhs plus one-fifth of the balance of the losses over Rs. 15 lakhs.

The amendment proposed is for the purpose of ensuring that the State Bank's ability to carry out the branch expansion programme and the other programmes like assistance to small-scale industries is not jeopardised.

The other provisions in this Bill do not call for any remarks.

Sir, I move.

MR. CHAIRMAN: Motion moved:

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

DR. R. B. GOUR (Andhra Pradesh): Mr. Chairman, the Minister of Revenue and Civil Expenditure has tried to make out that this whole measure is a very innocent one by saying that he had not received any memorandum and therefore there was no objection to this Bill earlier. But I think, Sir, at the time the Bill was introduced and there was the reference to the Joint Select Committee, I had requested the Government to consider the question pertaining to sub-clause (8) of clause 6 of the Bill.

[MR. DEPUTY CHAIRMAN in the Chair]

This sub-clause deals with the service conditions of the employees of a bank that has been taken over by the State Bank of India. The whole scheme of things here is that the State Bank of India is getting certain statutory powers to take over any other bank or to acquire any other bank. The question is whether this taking over will be by amalgamation or by taking over as a subsidiary bank, is left to the bank. Here, this sub-clause 8 of clause 6 is very significant. You will kindly note that what it says is:

"Notwithstanding anything contained in the Industrial Disputes Act, 1947, or in any other law or in any agreement for the time being in force, on the acquisition of the business and the assets and liabilities of any banking institution under this section, no officer or other

employee of that banking institution shall be entitled to any compensation to which he may be entitled under that Act or that other law or that agreement and no claim in respect of such compensation shall be entertained by any court, tribunal or other authority, if on his having accepted in writing an offer of employment by the State Bank on the terms and conditions proposed by it he has been employed in accordance with such terms and conditions."

In other words, you are writing off his past and you are mortgaging his future. You are actually writing off the employee's past. After all, how does it affect the employee? Suppose a Bank A was taken over by the State Bank of India. The employee has put in a certain period of service in this bank A. He and other such employees are entitled to certain benefits of retrenchment under the Industrial Disputes Act, if they are retrenched. But if the bank is taken over, then they are entitled to certain other benefits under the Sastri Award. What are these benefits? When an employment is terminated, then they get the retrenchment benefits. If they are employed in the bank as employees of an amalgamated bank, they are fitted into the new scales of wages and increments are granted. Here you say they will accept the terms and conditions of service given by the State Bank of India. Obviously employment is something which is in any case better than remaining unemployed. Therefore, the employee is handicapped. He cannot freely choose new terms of employment, because the alternative is unemployment. Therefore, the State Bank of India has the whip in its hand and it is not obligatory on the State Bank of India to give these incoming employees the same service conditions as are available to the other employees of the State Bank of India today. The State Bank of India can also under this provision as it stands now, give the new employees terms worse than those they were enjoying in the original B bank. There is no guarantee

for the employee. You may say he is voluntarily accepting the new terms offered. But there is no voluntariness in this because he is under a certain pressure that is working on him, since the only alternative for him is unemployment. Therefore, I say there is no guarantee.

Moreover, the employee must have accumulated certain leave to his credit as reserve. We know that a certain department under the State Bank of Hyderabad has been taken over by the Reserve Bank. Their services under the State Bank of Hyderabad were terminated and they were taken over by the Reserve Bank. But what happened to the leave reserve that they had accumulated during their long service under that bank? It had gone. They had to accept that old leave on the basis of their old pay or forgo it. In fact they cannot forgo it.

They must be allowed to cash the leave. When a bank is being taken over, you must take a guarantee that from the assets of the old banking company, all these things will be met, provident fund accumulations, cash equivalent of leave reserves, etc. I do not want the State Bank to have the liberty of offering any terms it likes. The incoming employees must in no case have terms adverse than what they were enjoying in the original Bank which was taken over or those enjoyed by their colleagues in the State Bank itself which they join. You cannot have different grades of employees in the State Bank of India. When you take over a bank, you must give the employees of that bank the same service conditions as obtain in the State Bank of India. There must be no adverse effect on the new employee. The hon. Minister, I think, said originally that this matter might be brought up before the Joint Select Committee. I do not know what was done there. I would, therefore, insist, Sir, that the obnoxious effect of this provision will be very serious on the employees and on their service conditions. This must be considered

[Dr. R. B. Gour.]

afresh by the hon. Minister and the Government.

Thank you, Sir.

SHRI ROHIT M. DAVE (Bombay): Mr. Deputy Chairman, I would like to associate myself with what my hon. friend, Dr. Gour, has said. When various Bills come before this House at times we have an impression that the Government as a whole is not applying a uniform policy with regard to certain important matters of policy with which the Government ought to be concerned. Sometime back, Sir, this House considered and passed—the other House too—a Bill which aimed at uniform application of the law relating to industrial relations. The law of industrial relations was sought to be made uniformly applicable both to the public sector and the private sector. At that time, the Government was congratulated for that policy decision. We have here today a Bill wherein we have got phrases like “Notwithstanding anything contained in the Industrial Disputes Act”, etc. Here again, a distinction is sought to be made between the private sector and the public sector in regard to the application of the Industrial Disputes Act, more especially in regard to its application to the State Bank of India. Such a distinction is not desirable especially when it is likely that the economic activity of the Government of India is likely to be continuously extended. If we have to have mixed economy, it is very necessary that there should be uniformity of treatment as far as the employers in the private sector and the public sector are concerned and the same obligations that are imposed on the employers in the private sector should also be imposed on the employers in the public sector. That is one aspect of the question.

The second aspect of the question is that Government in the public sector is taking up various schemes and, as a result of these schemes, departments are created, concerns are created in which people are

employed. The same ambiguity of policy prevails when a particular policy is changed as a result of which a particular department is closed. When the activity in a department or in a particular concern is completed, the employees are thrown out of employment. This has happened in concerns like the Damodar Valley Corporation. There is no uniformity of policy with reference to this aspect also with the result that the employees do not know where exactly they stand. All this ambiguity will be completely cleared if the Government adopts a policy whereby some uniformity of treatment is given to all employees, whether in the public sector or in the private sector. Suppose there was an amalgamation of two banks. What would be the law? The law would be quite different from the one which is sought to be incorporated in the present Bill. Therefore, Sir, those who are today employed in the private sector but because of a particular policy of the Government are allowed to be taken over in the public sector will be at a disadvantage because the same obligations are not imposed on the public sector. Because of these considerations, Sir, in the interests of the larger policy and also in the interests of uniformity of treatment both in the public sector and the private sector, I would appeal to the hon. Minister to consider this question again and to see whether even now any amendment or any change can be incorporated in the Bill in order that when terms and conditions of service are offered to the employees under this Bill, they are offered conditions which would in effect mean a continuance of their old service and do not in any way affect the rights and privileges enjoyed by them in the banks which are now sought to be amalgamated.

SHRI P. D. HIMATSINGKA (West Bengal): Mr. Deputy Chairman, I have considered the clauses of the Bill but I have not been able to follow the objections raised by Dr. Gour or Mr. Dave. The Bill clearly says that

no compensation will be given to an employee who has been offered and who has accepted certain terms and conditions. That is to say, it will be the privilege of the employee either to accept or not accept the terms and conditions offered to him by the State Bank when another institution is taken over. The clause seems to be quite clear. It says that no officer or other employee will be entitled to any compensation to which he may be entitled if he has accepted in writing the offer of employment by the State Bank on the terms and conditions proposed by it. My hon. friends, were assuming that the terms and conditions which are likely to be offered by the State Bank of India will always be to the disadvantage of the employees. I think that is not a correct approach. If banking institutions are to be taken over by the State Bank of India by an Act of Parliament or by certain agreement, if some such provision is not there, it will be almost impossible for the State Bank to take over the banking institution. After all, there are a large number of employees and if they want to create difficulties, they can always hold back the process of amalgamation by putting forward claims which perhaps may not be possible to be accepted. I think the plain position in this case will be that if certain employees do not agree, their rights on the old employers will continue but if certain conditions are offered to them and if they accept those conditions and take service on the basis of those conditions, then they should have no right to create difficulties with the old employers. It has happened before that employees who had been working with a company which has been taken over by another purchaser, even when the employees had been taken on under similar conditions, had claimed compensation from the old employers. Supposing, Sir, the State Bank takes over the employees of an institution and gives them an offer which is accepted. They are given the same privileges; perhaps they are given the benefits of leave due to them or

provident fund and other facilities. There is no reason why they should be entitled to create difficulties. After all, the position will be the same because if the institution that is being taken over has to meet those liabilities, the State Bank will have to pay them but if the State Bank takes over their liabilities and tries to meet the demands of the employees on a reasonable basis, the terms of amalgamation will be much easier to be arranged and the amalgamation and taking over will be a smooth process. Therefore this provision to my mind is an absolute necessity if the object of this Bill is to be carried out, that is to say, if no impediment is likely to be allowed with the employees. Therefore I support the amendment.

SHRI HARIHAR PATEL (Orissa): Mr. Deputy Chairman, I intend to say a few words regarding clause 6, sub-clause (8). What this sub-clause purports to say is that an officer or employee of an institution that is being taken over, once he accepts the offer of the State Bank shall not be entitled to any compensation under the Industrial Disputes Act or any other law. The intention is obviously that the State Bank will offer terms and conditions different from those enjoyed by its regular employees. In saying so the hon. Minister's contention is that the officers and employees will not be allowed to get double advantage, the advantage of getting compensation as well as employment and he describes those as un-intended benefits for the officers and employees. It is really doubtful if this contention of the hon. Minister is right. If employment after acquisition is regarded as fresh employment, there is hardly any reason why you should grudge this double advantage because there is also a risk or disadvantage for the officer of the employee that he may not be able to serve for a full term due to his advanced age. He may be regarded as getting compensation that is due to him and employment because of his merit. Of course, if the employment after acquisition is regarded

[Shri Harihar Patel.]

as continued service, there can arise no question of compensation but there is nothing to indicate in the Bill that continuity of service will be recognised in the case of such employees and officers. We may now consider whether it will be conferring unintended benefit to the officers and employees of the acquired institution by extending to them the usual terms and conditions of service applicable to other employees of the State Bank. Since we are dealing with the acquisition of banking business by the State Bank it is but legitimate for the officers and employees of the acquired banking institution to gain the status of other regular employees of the State Bank. A discriminatory behaviour towards them in making different proposals of terms and conditions of service seems to be most unreasonable. There is nothing in this clause to indicate that the terms and conditions that will be offered by the State Bank will be better than those enjoyed by the officers and employees in the acquired banking institution. The State Bank will certainly require a better sense of responsibility, greater efficiency and discipline and if these employees gain something by way of better pay scales and emoluments it should not be regarded as conferring unintended benefit on them. Because of acquisition by the State Bank the shareholders and the investors in the banking institution will also stand to gain in many ways. They will enjoy a greater sense of security regarding their investments and they will get better dividends. So there should be no curb or restriction imposed on conferring legitimate benefits to these employees. This sub-clause should therefore be properly amended.

DR. B. GOPALA REDDI: Sir, the intention is not to give these people any disadvantageous terms. As far as possible they will be treated as employees of the State Bank after the amalgamation. But, Sir, it may be that the other Bank was giving a person some little benefit, some perquisites

for instance. That need not be compensated when once he agrees to the general terms. He knows the terms that the State Bank is offering to him; it is not as if he is being compelled because he has to retire and go into the street. The general terms will be more attractive to him and having accepted them, he cannot come up and say, 'I was getting some sumptuary allowance in the other Bank and since I am not going to get it in the State Bank, I must be compensated.' There may be many such small things that the other Banks might have been paying, but when the over-all picture is more attractive and when he agrees to come under State Bank employment after signing an agreement, he cannot come up later saying that his conditions of service were more attractive there. And he cannot say, 'since I am to be a new entrant in the State Bank, I must be compensated under the Industrial Disputes Act or some other thing.' So we want to protect ourselves. At the time of introduction also this matter was discussed and it was also fully considered by the Joint Select Committee and we thought that this must be there so that he may not come forward with claims for compensation for such little things at a later date. Therefore I am unable to accept the suggestion.

PANDIT S. S. N. TANKHA (Uttar Pradesh): May I seek a point of information from the hon'ble Minister? When these banks will be amalgamated, may I know what will be the position of the employees of the amalgamated banks in comparison with those persons who are at present serving in the State Bank regarding seniority and other things?

DR. B. GOPALA REDDI: Seniority is a matter of detail which will have to be looked into. Various factors will have to be examined, under what terms they were serving previously and all that. But generally I may assure the House that the terms will be more attractive perhaps, more generous, than what they were enjoy-

ing. May be, in some details they may not be as generous as these employees used to have previously.

MR. DEPUTY CHAIRMAN: 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.

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

Clauses 2 to 5 were added to the Bill.

Clause 6—Amendment of section 35

MR. DEPUTY CHAIRMAN: There is one amendment by Dr. Gour which has been given just now. If there is no objection we can take it up.

HON. MEMBERS: Yes.

MR. DEPUTY CHAIRMAN: All right.

DR. R. B. GOUR: Sir, I move:

"That at page 4, after line 24, the following proviso be inserted, namely:—

'Provided that the State Bank of India shall offer continuity of service, leave reserves and other facilities and the terms offered shall be in no way inferior to those enjoyed by the employees in the Bank so acquired or the employees of the State Bank of India itself.'

MR. DEPUTY CHAIRMAN: The clause and the amendment are before the House.

DR. R. B. GOUR: Mr. Deputy Chairman, Sir, firstly, as regards amendments I seek your indulgence and request that the House may be given a little liberty because suddenly the business of the House has been chang-

ed. When we were dispersing this was not on the agenda; the Electricity and the Wakf Bills were there but on the 15th August when we got our papers . . .

MR. DEPUTY CHAIRMAN: It has been allowed now.

DR. R. B. GOUR: But for subsequent Bills also I would seek the same permission. We could put in amendments only this morning because 15th and 16th were holidays.

Mr. Deputy Chairman, my amendment here is very simple. I want to specify what will be the sort of terms that will be offered. That is why I want to add this proviso:

"Provided that the State Bank of India shall offer continuity of service, leave reserves and other facilities and the terms offered shall be in no way inferior to those enjoyed by the employees in the Bank so acquired or the employees of the State Bank of India itself."

What my friend, Shri Gopala Reddi, said was something in the nature of a benevolent attitude towards the employees; he said that the terms will be more attractive. But Mr. Gopala Reddi may not always be the Finance Minister and it is quite possible that what he says today may not be implemented by the Finance Minister who may succeed him. For instance, in the Constituent Assembly certain things were said when certain articles were being discussed and we know to our cost today that they are not being implemented. Similarly it is quite possible here; therefore I want a statutory provision that when the terms are offered by the State Bank of India they shall in no way be less attractive than those enjoyed by the employees. Obviously, we are not fettering the State Bank giving more attractive terms but we certainly want a curb on the State Bank giving terms which are disadvantageous. When he himself assures that the terms will be more attractive, he

[*Dr. R. B. Gour.*]

should have no reason to reject my amendment which only says that the terms may not be less than what the employees may be already enjoying or what their colleagues in the State Bank are enjoying today. Normally when a Bank is amalgamated, this is what is stated in the Sastri Award. That is, the employee gets his termination of service benefit from the old bank and when he gets into the new bank, he is adjusted in the salary structure of the new bank. He is given increments at the rate of one increment for every three years of service and his seniority also is settled on the basis of the new wage that he will be drawing in the new bank, not affecting his seniority *vis-à-vis* the other employees in his old bank, nor affecting the seniority of the employees of the present bank. So, that is the normal situation. But you do not say that no award, no agreement, no law is going to bind you in giving these terms. Also the Sastri Award is defective in one point, that is, about the leave reserves. Now, suppose I have served for ten years in a bank which is now being acquired by the State Bank of India. I have accumulated my leave. Now, the State Bank of India will not give me leave on my new terms. I have to take leave on the old terms. Even I have no right to forego the leave. Certainly no law binds the bank to allow me to cash my leave. I therefore, say that you grant me continuity of service. That is all. When continuity of service is granted, I do not want retrenchment compensation or compensation on termination from the old bank because it is being amalgamated. Now, when continuity of service is granted, then it means that my ten years of service in the old bank will be compensated. When five years hence or ten years hence I am retrenched from the State Bank of India, I will be compensated for 15 years and the leave reserve accumulated in the old bank for my ten years' service could be availed, because my service continuity is guaranteed. I

will get that leave on the present salary scale. Therefore, why don't you grant me that? You are giving only two alternatives, either to accept termination of service—on termination of service I get the termination benefits—or accept the service of the State Bank of India on the new terms. Now, under the new terms my employment will be considered from the day I have joined. Therefore, there should be some statutory provision to guarantee that leave reserves will be guaranteed and the terms offered will not be in any respect adverse. Now, that is what my amendment seeks to do, to get it as a statutory provision in the amending Bill. And I do not think, from what the hon. Minister said, that the terms would be more attractive. Obviously we are not fettering the State Bank to give more attractive terms. We do not want to give them terms less advantageous.

SHRI P. N. SAPRU (Uttar Pradesh): What will happen if these terms are different, if there is a difference between the terms offered by the State Bank and the terms offered by the bank which is being amalgamated?

DR. R. B. GOUR: There is no question of difference, Sir, because obviously when a bank is amalgamated, in any case the service conditions and salary conditions of the State Bank of India will be superior to the service and salary conditions of the bank that is amalgamated or acquired. In the case of officers, it is quite possible that some of the officers of the bank that is being acquired might have been having better facilities.

SHRI P. N. SAPRU: My point is why not delete these words: "shall be in no way inferior to those enjoyed by the employees in the Bank so acquired."? It will read: "... shall in no way be inferior to those enjoyed by the employees of the State Bank of India itself."

DR. R. B. GOUR: Well, I have no objection, if the hon. Minister accepts it.

SHRI P. N. SAPRU: That will eliminate the controversy.

DR. R. B. GOUR: I have no objection, Sir.

DR. B. GOPALA REDDI: Sir, I have already explained that the intention is not to give them any terms which are not good to them. Having agreed to that, they are trying to take it back to the Tribunal and things like that. While I am generally in sympathy with the amendment—because we do not want to give them any less attractive terms—sometimes the bank that is being amalgamated is a bank which was on the verge of insolvency or something like that. It was a mismanaged bank. And when we are taking over all the assets and liabilities and all the employees of that bank, it may be that some of those people were having very attractive terms or some allowances which were not contemplated by the State Bank. So, we cannot give a guarantee that all the terms and conditions which they were enjoying previously will be guaranteed to them, because they have come to the State Bank...

DR. R. B. GOUR: I accept Mr. Sapru's amendment.

DR. B. GOPALA REDDI: After all, the State Bank is not interested in giving them any less attractive terms, but they should not carry along with them all the privileges which they were perhaps enjoying under an about-to-be-declared insolvent bank. Because it was a diseased bank, the State Bank is taking it over. If it is a bank working well normally, of course, the State Bank will not think of taking it over. We have considered it in consultation with the State Bank and the Reserve Bank also and this provision is necessary and I assure you that nothing disastrous will be done to the employees of the banks. We have taken over the Cooch Behar Bank and the Manipur Bank. Has Dr. Gour any instance where they were offered less attractive terms? I do not think he has any instance. He is only having some hypothetical ap-

prehension as to what is going to happen ten years hence or fifteen years hence, when somebody else might be in my place. What does it matter? The whole thing would be in the proceedings of Parliament and the intention is not to give them less attractive terms. Therefore, I am unable to accept the amendment.

MR. DEPUTY CHAIRMAN: The question is:

"That at page 4, after line 24, the following proviso be inserted, namely.—

'Provided that the State Bank of India shall offer continuity of service, leave reserves and other facilities and the terms offered shall be in no way inferior to those enjoyed by the employees in the Bank so acquired or the employees of the State Bank of India itself.'

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 6 stand part of the Bill."

The motion was adopted.

Clause 6 was added to the Bill.

Clauses 7 to 10 were added to the Bill.

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

DR. B. GOPALA REDDI: Sir, I move:

"That the Bill be passed."

MR. DEPUTY CHAIRMAN: Motion moved:

"That the Bill be passed."

DR. R. B. GOUR: Sir, just one clarification I would like from the hon. Minister at this stage. He just challenged me as to whether I had any

[Dr. R. B. Gour.]

instance about the Cooch-Bihar Bank and the Manipur Bank. Unfortunately, I have none. But I have got some experience when certain departments of the State Bank of Hyderabad were taken over by the Reserve Bank. Only one thing I want to ask and that is, what he is going to do with the leave reserves that I accumulated during my service in the bank that is now being acquired. Will he allow me to avail of that leave on the new salary terms that are going to be given by the State Bank of India? That is all I want to ask.

DR. B. GOPALA REDDI: Before he signs the new terms, he may take the leave and then enjoy the leave and once he signs, he comes under the terms of the State Bank.

DR. R. B. GOUR: Before signing, who will give me the cash?

MR. DEPUTY CHAIRMAN: The question is:

SHRI H. P. SAKSENA (Uttar Pradesh): Sir, I also want to take part in the Third Reading stage. I want to speak for a couple of minutes.

MR. DEPUTY CHAIRMAN: I am putting it to vote. He wanted some clarification and I allowed it.

SHRI H. P. SAKSENA: This is the Third Reading stage. If you permit me, I would like to speak.

MR. DEPUTY CHAIRMAN: No, please. The question is:

"That the Bill be passed."

The motion was adopted.

THE BANKING COMPANIES (AMENDMENT) BILL, 1959

THE MINISTER OF REVENUE AND
CIVIL EXPENDITURE (DR. B.
GOPALA REDDI): Mr. Deputy Chair-
man, I move:

"That the Bill further to amend the Banking Companies Act, 1949, as passed by the Lok Sabha, be taken into consideration."

The Bill as amended by the Joint Committee was passed by the Lok Sabha on the 12th August, 1959, without any modification. The amendments made by the Joint Committee have been explained in detail in their report and I, therefore, propose to confine my remarks to a few points, which may be of some interest.

The first major change made by the Committee is in clause 6 of the Bill which proposes to amend section 10 of the Banking Companies Act.

The existing provisions relating to the disqualification of directors, etc. are not considered sufficient in the case of banking companies which mainly deal with depositors' money. Section 10 of the principal Act is therefore being amended so as to empower the Reserve Bank to remove any chairman or director or manager or chief executive officer of a banking company, if that person has been found by any tribunal or any authority (not being a criminal court) to have contravened the provisions of any law, and the Reserve Bank is satisfied that the association of that person with the banking company is undesirable. With a view to satisfying the ends of natural justice, it has also been provided that this disqualification will operate for a period of five years and that wherever possible, the person concerned will be given an opportunity of making a representation.

The other important modification which has been made by the Committee is in clause 10 of the Bill. This clause, as originally drafted, merely enabled a banking company to pay dividends on its shares, without writing off the depreciation, if any, in the value of its investments in approved securities. The Committee have amplified the clause so as to permit banks to pay dividends without writing off the depreciation, if any, in the value of their investments in