

be achieved in this electronic age where things could be done within a short period.

MESSAGE FROM LOK SABHA
The Appropriation (No. 3) Bill, 2007

SECRETARY-GENERAL: Sir, I have to report to the House the following message received from the Lok Sabha signed by the Secretary-General of the Lok Sabha:—

"In accordance with the provisions of Rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose the Appropriation (No.3) Bill, 2007, as passed by Lok Sabha at its sitting held on the 22nd August, 2007.

The Speaker has certified that this Bill is a Money Bill within the meaning of Article 110 of the Constitution.

Sir, I lay a copy of the Bill on the Table.

GOVERNMENT BILL

The State Bank of India (Amendment) Bill, 2007 (Contd.)

SHRI TAPAN KUMAR SEN (West Bengal): Sir, while participating in the deliberations on this Bill, I would like to seek certain clarifications. I would also like to convey some of the concerns about the functioning.

At the outset, I would like to understand as to what was the urgency of getting the whole process done through the Ordinance route and making it virtually *a fate accompli* as if the contents of the Bill were so important that it needed to be hurried through an Ordinance. I have also gone through the deliberations on the Bill that have already taken place in the other House. I would not like to make a reference to that but still, the argument that by 30th June the whole thing has to be completed, is not clear. It is not acceptable and it does not seem logical so far as this issue is concerned. BASEL norms have also been referred to while justifying this move. I don't think the BASEL authorities had issued any circular stating that by this date you have to certify otherwise you would lose. And I don't think the Government of India had that sort of an obligation or requirement to meet while bringing up this Bill. Another Bill on the State Bank is pending. That Bill is much bigger, covering many more issues relating to the State Bank and the financial sector of the economy. That Bill is under consideration of the Standing Committee.

Earlier, while placing the State Bank of India (Subsidiary Banks) Act, Government had stated that they would be bringing up a comprehensive Bill on that. That Bill was debated upon and passed with the assurance that another comprehensive Bill was on its way. Even in that Bill this issue did not find a place, but, it was made a separate item and placed in a truncated manner in the House for its passage and that too, making it again a kind of *fate accompli*, through an

Ordinance. I could not understand the urgency in resorting to the Ordinance route as far as this issue is concerned. If the Ordinance route is resorted through without there being an urgency in the matter, I don't think that is a very healthy practice so far as our democracy is concerned. Where there is a real national emergency kind of thing, definitely an Ordinance would be required and our Constitution lays down that provision; but that provision-should not be abused. This is an abuse of that sort of an emergency provision laid down in the Constitution. I think this needs to be explained. And this raises a number of doubts. Apparently, this looks harmless because the shares at the disposal of the RBI, SBI's share, is now transferred to the Government, to the Finance Ministry. Apparently, it looks very harmless but it raises so many doubts in the minds given the general policy approach of the Government in the matter of ownership of major financial institutions in the country. At present, 59.73 per cent shares, I think, are being transferred. So far as the equity profile of the State Bank of India is concerned, about 13 per cent is with the Financial Institutions around 20.19 per cent is in purely private hands and 7.88 per cent in GDR etc. See the profile and, at the same time, go through the recent Press Conference by the Chairman of the SBI on 12th May, 2007 where he mentioned the plan of raising resources of around Rs. 15000 crores through debt and equity route. Equity route is also being referred to. If we read the statement of SBI Chairman in the Press Conference, it mentions about the plan of raising funds from the market through debt and equity route. Is it not opening a way or enabling provision for the Government after getting the share to further going in for divestment and further dilute the equity, at least, to the tune permissible? I am not sure, but this apprehension is generated by this unseemly haste on a subject which does not warrant that kind of haste. So this thing must be made clear and I hope the hon. Minister will assure us that no further dilution will take place. That is a crucial point. The second point is regarding functional autonomy. Earlier it was with RBI. A normal argument is being placed that RBI is a regulator and it cannot be an owner. That may be one kind of perception. Some RBI related bill is pending and it is under consideration with the Standing Committee. There also it is being argued that RBI is a regulator and it cannot be a service provider. For all this theory, an international standard or an international practice is being cited. I am afraid that all those citings are not factual in all the cases. There are cases in many advanced countries where RBI as a service regulator also provide service. In this Bill, that is not the main contention. But sometimes these theories, citing those international standards, always do not hold good. At the same time, all international standards need not be followed *in toto*. There is a room for improvisation depending upon the country-specific situation which is lying at the ground level. In this respect, the basic question which comes is the question of functional autonomy when the direct ownership is transferred to Government. On functional autonomy, there are many theories again. So far as financial sector's autonomy in our country is concerned, I am also not a subscriber of a perception that there should be 'let free' approach —they can do anything they like — because the financial sector affects the whole country's economy. So, there must be regulation and there must be certain guidance. There must be policy orientation and policy-related intervention by the political system and that is the country's democratic governance on the financial sector. I am not for unregulated autonomy. But I say functional autonomy is important for the efficiency of an institution and to ensure return for the entire economy as a whole.

The Government intervention is important in the policy matter and it has much role to play for the rural poor and for the small-scale industries. But, in reality, so far as our grass-root level experience is concerned, in most of the cases, the political interventions in banks, or, for that matter public sector companies' functioning, does not lead to put that company on the policy track of the governance, and had that been so, so long, why the banks faltered in the matter of directed lending, the lending to the rural sector, the lending to the small-sector, everywhere there is a serious leakage in the target despite all the political interventions. So, I think sometimes, political intervention goes against the very policy direction, which is a declared policy, in the Houses of Parliament. That creates an aberration in the whole system and I think, for real efficient functioning and ensuring best return and, a true sense of functional autonomy, and, of course, at the same time, a close watch is required so that the policy is put to effect and properly implemented at the ground level by a functional autonomous management. Both these aspects should be seriously looked into. This arrangement, I am afraid, may create that kind of a possibility of aggravating aberration. So long, it was with RBI and it is now with the Ministry. There may be this problem of more interference and I again request the hon. Minister to assure this House on that count also. (*Time-bell*). Sir, I require a little more time.

. Then, I would like to draw your attention to the other aspect of the State Bank of India functioning. I would not like to go into other details. The State Bank is the most important Bank. This is the first Bank which was under the Government control initially. It was the first nationalised bank. It is one of the very big banks having 9,000-odd branches and, I think, lakhs of customers. How does it function? If we see, in its own functional parameters, no doubt, it has improved a lot during the last three or four years in the matter of NPA. In the matter of all other functional aspects, it has improved a lot. But, there are certain areas of concern also. The return on asset is declining. Number two, a serious situation is being created by increasing outsourcing. It has now become a point of hot debate in the entire financial sector, not only in the State Bank of India, but the State Bank of India is also victim of that kind of an outsourcing. What is being outsourced? Apart from being a Member of Parliament, I am basically a trade-unionist. I have had the occasion of interaction with the concerned people. I understand that basically, outsourcing is done where in-house capability is not available. There is no dispute on outsourcing there. But, in reality, in the name of outsourcing, they are going beyond the area for which outsourcing was agreed upon. It was agreed upon by the Bank's employees and officers together. It is crossing boundaries to an alarming level and which has got reflected in erosion of manpower. I think, from 2,30,000 in 2000, it has come down to 1,85,000. A reduction of more than 45,000 employees and officers together has been there. How much of it is for outsourcing and how much of it is for technological upgradation? It needs to be separated. A part of it may be because of the technological upgradation in the work processes. That economises the need for manpower. But, how much of it has been due to outsourcing and how much of those outsourced jobs were earlier being done by the employees departmentally and what is the economy?

MR. DEPUTY CHAIRMAN: You have to conclude now.

SHRI TAPAN KUMAR SEN: I am just concluding. This is becoming a very

serious issue that needs close attention. I think that must be addressed on a war footing because it has become a serious bone of contention not only in respect of the State Bank of India but entire bank employees fraternity, workers, officers *vis-a-vis* the Government and the management. This led to declaring of a three-day strike, and by the kind intervention of the hon. Finance Minister, that could be averted. Some MoU was reached where it was agreed that this area of outsourcing would be mutually discussed and sorted out to the satisfaction of all concerned. But by the end of the day, as on date, the Indian Banks Association has gone back from that understanding and creating a situation of another strike. The entire bank fraternity, the workers and the officers have already decided to go in for strike on 12th September because the Government and IBA is refusing to negotiate the issue with the UFBU, to which they are agreement-bound by the MoU signed by them dated 21st March, 2007. Before the situation worsens, I request you to have a serious look into these aspects and intervene so that these things can be avoided. With this, I demand that my concerns and clarifications should be addressed by the hon. Minister in his reply.

MR. DEPUTY CHAIRMAN: Now, Shri C. Ramachandraiah. You can take double the time allotted to your party.

SHRI C. RAMACHANDRAIAH (Andhra Pradesh): Mr. Deputy Chairman, Sir, I thank you for giving me the opportunity to speak on this Bill. Sir, I stand to support this Bill. It is only ratification. Already action has been initiated and it has been brought to this august House for ratification. Sir, in the newspaper, I was reading the Finance Minister's statement, which says "Already I have made a provision of Rs. 40,000 crores in the Budget. I have spent only Rs. 35,300 crores which has been paid to the RBI and I paid it on June 29th. I promised to complete the transaction by June 30th; I got it in the first week of July. So, I saved interest."

I didn't understand the line of demarcation between the RBI and the Government. In fact, the Minister needs to explain as to what exactly is the line of demarcation between the Government and the RBI. Whatever surplus is there with the RBI, it seems, it automatically belongs to the Government of India. That is what I can infer. Because the surplus has been transferred to the Government of India, where does the question of spending or saving the interest lies, I don't understand as a common man? RBI's money is your own money and the money with you is your own money. The RBI's money is transferred to you. So, where is the question of saving the interest? So, naturally, there need not be much doubt because it is a transaction between one arm of the Government and the Government itself. Sir, the shares have been valued as per the SEBI guidelines and the transaction was very smooth. I have got my own doubt. What made the Minister to go for an Ordinance and come to the House for ratification? And, as my colleague said, there was no time stipulation by the Basel Norms that it has to be done before June 30th or the first week of July. There is no stipulation. There stipulations are that you have to maintain the capital adequacy and, I think, this particular thing is in pursuance of the recommendations made by the Narasimhan Committee that a regulator cannot be an owner. Because RBI happens to be a regulator, RBI should not own it. Again, I say that there is no difference between the RBI and the Government, which itself is the biggest regulator in this country. I don't know what autonomy is being

enjoyed by these so-called autonomous institutions. The Government itself is the biggest regulator. That being the case, even the Government also should not own this equity. But, however, as the Finance Minister said in the Budget speech, the transaction has been completed. We have got our own apprehensions about autonomy. I have been observing the performance of the banks for the past two decades. The regulator is very effective. Very good control is being extended on the banking system. Though the stipulations to the various sectors of allocations have not been achieved, overall, the people's money, the Government's money is safe. And, as far as the RBI is concerned, I should congratulate that they have been ensuring this since long time. But, Sir, I have got one doubt in my mind and that is regarding autonomy. The Finance Minister has umpteen times assured the House that he will maintain autonomy. Sir, I read in a newspaper that the Chairman of a bank wrote to the Secretary, Banking, regarding the so-called Independent Directors of the bank, nominated by the Government. The role they have played is mainly instrumental in destroying the bank. This is, in one way, eroding the autonomy of the institutions. I read it in a newspaper. I don't want to mention the name of the bank Chairman. A very upright officer from my State, he has written it. I attach credibility to Mr. R.R Singh. He has written that five Directors, nominated by the Government, were responsible for eroding the autonomy, for malfunctioning of the bank. They have been pressurising the Chairman. I have been seeing the performance of the so-called independent nominated Directors. Everybody has got his own agenda, except a few. I had the opportunity of interacting with the bank's Chairman. Under the guise of experts, agriculture experts or commerce experts, you have been appointing all political people to provide them employment. That is not good. You should maintain autonomy. It is people's money that is there and it has to be protected.

My second point, Sir, is with regard to rate of interest. This is a very big issue which has been daunting the minds of the planners of the country. Sir, as far as my knowledge goes, there are three factors which decide the rate of interest, namely, cost of raising funds, your NPAs and your transaction cost. Generally, you don't have control over cost of raising funds. That depends on the market; at what rate you can buy and at what rate it is available. So far as NPAs are concerned, thanks to the FRBM Act and you want to maintain the deficit. Accordingly, the banks were forced to collect the amount. But my question is, in the process of reducing or achieving the targets or reducing the NPAs, how much money has been written off in the books to clean your balance sheet? I am proud to say, with all my observation, that farmers* in this country are very honest. The Self-Help Groups that have been borrowing are very honest, whereas I have observed dishonesty in the big industrial groups. In the process of cleaning the balance sheet, in the process of reducing NPAs, what is the amount that has been totally written off without collecting the amount? The NPAs can be reduced in many ways. You can write off the amount; you can collect the amount; you can make a provision. So, this country has a right to know how much amount has to be written off in the books without collecting the amount from big industrial groups. Sir, there is one more problem that is cropping up. As an eminent Chartered Accountant, you will appreciate this thing. Now, asset reconstruction company has been floated and the NPAs are being sold to this company. What are the yardsticks that have to be evaluated for transferring them? Who has to fix the purchase consideration? I am a

big promoter. I have promoted the company. I make the unit sick and it will be transferred to the asset reconstruction company at a price which I will decide and my benami by the company from the asset reconstruction company. That is happening, Sir. That is happening. It is a very recent phenomenon that has been promoted in our country. Kindly take care of it so that such transactions do not take place. Sir, there is one more point that I want to raise. It is CRR. Whenever the inflation rate goes up, the blame lies with the RBI. Immediately, they will indulge in the knee-jerk reaction — increase the CRR. The problem may be with the short supply of goods. Instead of addressing the short supply of goods, very frequently you have been resorting to increasing the CRR. And in the process of squeezing the funds from the market, liquidity, you are taking over the money to the RBI and the RBI is not paying the interest. I was told that the RBI was not paying the interest to banks. Even .5 per cent of the increase of the CRR is squeezing around Rs. 15,000 crore from banks. What is the alternative the bankers have got? The lendable resources at the bank are limited, are reduced, so they will raise the rate of interest. Every bank has to show in its balance sheet good profits as they have to compete with other banks. They have to fix the targets as far as deposits are concerned, as far as advances are concerned, and as far as operating profits are concerned. So, they have Hobson's choice, except to increase the rate of interest. So the Government, on the pretext of containing the inflation by increasing the CRR, is also responsible for raising the rate of interest. *(Time-bell)* Sir, I would just conclude.

Sir, recently, in Hyderabad, one person was beaten to death by the agency people with whom this collection work was entrusted. I wrote a letter to the Minister. The Minister gave the reply. They do not know the reason of death. But they can vouchsafe that their people did not beat him. I can authenticate the paper also. It is true that the bank staff had beaten him or the private people who were entrusted with the collection of the amount. This is not the first case. There are five. They take the services of *goondas* to collect this amount. You have been equipped with very, very wide powers. You are now endowed with the SARFAESI Act. Why don't you collect the amount? Why do you entrust this work to *goondas* or rowdies? It came widely in the newspapers. We have interviewed them. I spoke to two people. They were all small people who borrowed the amount of Rs.5,000 or Rs. 10,000. Some were artisans and some were street vendors who were beaten. So, I request you to kindly instruct the banks not to engage the services of rowdies to collect the amount.

My last question is this.

DR. E.M. SUDARSANA NATCHIAPPAN: It is the ICICI bank.

SHRI C. RAMACHANDRAIAH: There are so many banks.

श्री रुद्रनारायण पाणि(उड़ीसा): जीओआई का कोई प्रभाव क्या उस बैंक के ऊपर नहीं है ?
...(व्यवधान)....क्या गवर्नमेंट ऑफ इंडिया का आईसीआईसीआई बैंक पर कोई प्रभाव नहीं है ?
...(व्यवधान)....

श्री उपसभापति: आप बैठिए ,बैठिए ...(व्यवधान)....

3.00 P.M.

श्री रुद्रनारायण पाणि: यह आपकी कैसे सरकार हैं ? ...**(व्यवधान)**....रामचन्द्रैया जी,आप यह जो आउटसोर्सिंग की बात करते हैं...**(व्यवधान)**....तपन सेन जी,यह आउट सोर्सिंग, ...**(व्यवधान)**.... It is depending on the outsourcing ...**(Interruptions)**...

श्री उपसभापति: आप ऐसा मत कीजिए ...**(व्यवधान)**....आप बैठिए,बैठिए...**(व्यवधान)**....

SHRI C. RAMACHANDRAIAH: Sir, my last suggestion to the Government is this. You want to have inclusive growth. It is very good. That is the slogan that has been given for the Eleventh Plan. Why don't you have the financial inclusion also? Day by day, the rural banks are coming down. They have been considerably reduced for the past 15 years, though the population is on the increase. When we speak to the Chairmen of the banks, they say that the RBI is not permitting. I do not know what are the guidelines that are being followed by the RBI. But, the rural banks have to be opened. You are in the process of restructuring the Grameen Banks. So, kindly ensure that bank facilities and credit reach the common man in remote areas. Only then whatever you have contemplated in the Eleventh Plan, can be achieved. Thank you.

SHRI EKANATH K. THAKUR (Maharashtra): Sir, thank you for this opportunity. Sir, I stand here to support the Bill. Sir, the RBI was created under the Reserve Bank of India Act, 1934 in the year 1935, initially as a joint stock company and was later on nationalised. Earlier to that, three major private banks — Bank of Bombay, Bank of Bengal and Bank of Madras — were amalgamated and the Imperial Bank of India was created. From 1952 to 1954, the Rural Credit Survey Committee surveyed the entire rural sector and amongst its any recommendations, recommended that the Government of India should create a State-partnered, a State-sponsored and a State-controlled bank. This was the period of the First Five Year Plan and the Government did not have enough money to start the Plan. In fact, when the available money was made known to Dr. Dhananjayrao Gadgil, he told Pandit Jawahar Lal Nehru that I would not call it a five-year plan, I would call it a five-year scheme. So, the Government of India was in a quandary. The Rural Credit Survey Committee wanted that the role of moneylenders should go. Pandit Jawahar Lal Nehru also wanted that the menace of moneylenders should be controlled and the usurious ways in which they were charging interest and holding the whole population in financial bondage for ever, should end. India's freedom was not seen only as a political freedom. India's freedom was also seen by our leaders as economic freedom and they wanted to rescue the rural populace from the clutches of moneylenders.

Sir, as I stand to speak on this Bill, only yesterday, I read a report of the Reserve Bank of India which goes contrary to the vision of Pandit Jawahar Lal Nehru. It goes contrary to the vision of all the policy makers of this Government, up to Shri Rajiv Gandhi and our own Government of Shri Vajpayeeji. Sir, we always wanted moneylenders to go, but, a day before yesterday, the Reserve Bank of India published a report where they do not want the moneylenders to go, but, they say moneylenders are here to stay; they should be mainstreamed; they should be institutionalised; and, the Moneylenders Act should be amended by the State

Governments to institutionalise the moneylenders and institutional credit should be available to moneylenders. So, how far has our Government and the RBI moved? Our RBI has moved from annihilation of moneylenders to institutionalisation of moneylenders and that is when farmers are committing suicides. They are not getting adequate institutional credit. The RBI could not control 2000-odd Urban Cooperative, Banks; the Government could not control the cooperative credit societies. And now, they want to let loose moneylenders in the rural areas where farmers and agricultural workers live, thereby creating a free financial space for them. Sir, this very Bank, the State Bank of India, was created to annihilate the moneylenders. This was the recommendation of the Rural Credit Survey Committee. And as I stand today, I have this report of RBI where it wants to mainstream and institutionalise the moneylenders. So, what has happened to the policy of the Congress Government is something which the Congress Government has to see. Sir, the next major step after 1955 when the State Bank of India was created by converting the Imperial Bank of India into the State Bank of India was, of course, nationalisation. Nobody has served the banking industry more than late Shrimati Indira Gandhi. She nationalised fourteen banks on 19th July 1969. She again nationalised six more banks in April 1980. She created a whole series of regional rural banks, 156 of them, and when a Committee was appointed to go into the need of regional rural banks, and it was established even by the Government which came after her that what she created was a great thing. Even today, we bow in this spirit to her because if today, poorer people of India have some facility of banking, it is because of the vision of one person, that is, late Shrimati Indira Gandhi, who converted that class banking into mass banking, and our poorer people could enter the portals of the bank. I am from the Opposition. But, whatever is good, is good, and please see the vision of late Shrimati Indira Gandhi in creating regional rural banks; as opposed to the mission of this Government of mainstreaming and institutionalising moneylenders because they just cannot happen to deal with that problem. Sir, a former Governor, a very esteemed, a very respected Governor of the Reserve Bank of India, is sitting here as the hon. Member of this House. In his presence, I would like to tell you that everybody is talking of inclusive banking now. The Reserve Bank of India has to explain when it was the vision of the Rural Credit Survey Committee, what was that vision? That vision was inclusive banking so that, the out reach of banking, whether it is demographic or whether it is geographic had to increase, and that was a mandate then also. But now, after 60 years of Independence, they are talking of inclusive banking. So, what is the real state of banking today in the country? If you see the number of accounts that are there in the banking industry, the Reserve Bank of India report which was released about a year ago. shows that there are nearly 33 crore accounts. Generally, a middle class person has more than one accounts, a savings bank account, a recurring account. A businessman has a current account and a savings bank account or a fixed deposit account. So, if you see 33 crore accounts, only about 20 crores people have got access to banking in a country where the population is 107 crores. That means, even after 60 years of Independence, even after a proper direction given by late Shrimati Indira Gandhi, this could not be accomplished, and if we are amending the State Bank of India Act wholesale, and now passing on the ownership of the State Bank of India from the Reserve Bank of India to the State Bank of India, then we have to go into these issues. Sir, that defining moment in the life of the State Bank of India, and I will tell you because I was personally a

witness to this, was the year 1976. The State Bank of India was doing 28 per cent of nation's banking business then. Today, it is doing 15 to 16 per cent of nation's banking business. It is easy to say that the other private banks have come up, and therefore, they have lost a share. It does not happen that way. It lost its vigour, it lost its vitality, it lost its culture and more importantly, it lost the moral of the people, and this happened because of one thing which was done again in 1976. What was it? This Parliament amended the State Bank of India Act in 1976. I can understand amendment of the State Bank of India Act today to pass on the ownership of the Reserve Bank of India to the Government of India probably when the international bankers see the regulators on the boards banks they feel that those banks enjoy some kind of regulatory arbitrage. When I was the Director of the State Bank of India, along with me, the Governor Dr. Reddy and the former Governor, I.G. Patel used to sit as a Central Directors of the State Bank of India alongwith me. Therefore, if the Governor sits there, naturally the bank enjoys a regulatory arbitrage. They cannot punish such banks as well as they should and discipline them. That may be the idea. But, Sir, in 1976, why was the State Bank of India Act amended? It was amended to remove the Chairman of the State Bank of India. The then Chairman, Shri R.K. Talwar, the doyen among the bankers, who is being worshipped even today by the entire State Bank of India, as its inspirational icon, worked from 1968-1976 as Chairman. And Sir, from there onwards, what has happened in the banking sector, not only in the State Bank of India, but in the entire banking industry is that * has become the order of the day. Talwar showed the courage to say, "I will not carry out instructions of the Government of India in the matter of Jaipur Udyog." And he was victimised in broad-day light by getting the Parliament to amend the Act. You demolished one man; you thought so; the Parliament thought so. I am addressing the Minister that they not demolished one man. But they demolished a whole culture. And thereafter, * is the order of the day. The chairmen of various banks, when they come to Delhi, sing and dance to the order of the Ministers. They do not stand by their convictions because they saw one man being crucified by amending the Act. To this state we went!

Sir, in the banks, thereafter, the chairmen of the... (*Time Bell*) Sir, I have to speak for two, three minutes.

MR. DEPUTY CHAIRMAN: Take two, three minutes, but come to the point.

SHRI EKANATH K. THAKUR: Sir, here they come and they become * When they go back to Mumbai, they become little maharajas and there is an unipersonal system in the banks. Sir, the bank chairmen become maharajas and the situation in the State Bank is such that, if the Chairperson insists,(*Interruptions*)...

MR. DEPUTY CHAIRMAN: Mr. Ekanath Thakur, do not use the word *. It is unparliamentary. I am reminding you.

SHRI EKANATH K. THAKUR: Sir, if facts are unparliamentary, then you may remove my words.

MR. DEPUTY CHAIRMAN: What can we do? See, we have to follow certain rules.

* Expunged as ordered by the Chair. ,

SHRI EKANATH K. THAKUR: is a proper word in English. ...(Interruptions)... And I am, Sir, now telling you what do the chairmen do.

MR. DEPUTY CHAIRMAN: In what context you use is important.

SHRI EKANATH K. THAKUR: What do the chairmen do? He is Chairman ...(Interruptions)... In Delhi they come sing and dance, and where they go back they become maharajas. And what do they do? When Mr. Janardhana Poojary was there, and when he started 'loan *melas*, every Chairman started 'loan *melas*. All of them were congregated; all of them were publishing their photographs. And now, the Narsimhan Committee says, "All directed credit is tainted." So, every Chairman says, "Directed credit is tainted. There should be no directed lending. Sir, if there is no directed lending, how can the priority sector survive? Because these people would like to give loans to only industrialists. Before 1969, they were doing the same thing. So, directed lending has a place, and, Sir, if you examine it now, the small-scale sector has become very responsible. It has contributed to nation's growth. It is because of the vision of a man Shri R.K. Talwar, who for the first time started lending to agriculture in SBI, who started lending to SSI in SBI, and you find that the priority sectors are trying to do their best in the situation that is given.

Sir, while, speaking on this Bill, once again I recall victimisation of R.K. Talwar and appeal to the hon. Minister, through you, to name the National Institute of Bank Management at Pune after Mr. R.K. Talwar and do a recompense to the entire system so that, at least, you would have done justice to that great man at least posthumous.

Sir, now, the State Bank of India is holding Parivartan *melas*, thinking that there is something wrong with the psychology of the workers. Sir, I am also a trade unionist like my friends sitting here. I was President of federation representing 80,000 officers of the State Bank of India. I was also President of federation representing 200,000 officers of the banking industry, and let me tell you the State Bank has got the finest officers who have come through the all India competition. State Banks' clerical staff is the finest. It has come through the IBPS exam. There is nothing wrong with the officers and staff of the State Bank of India. Everything is rotten at the top because there is no discipline at the top. It is the whole institution which is degenerating, and from 28 per cent, now we have come to about 15 per cent. Sir, one more thing, I have to say. After nationalisation there is a revolution which has taken place in India's banking. After nationalisation, from nearly 9,000 branches, we have gone to 66,000 branches, and in this movement, those who participated were mainly the State bankers because they have a different mandate. Throughout India, there are more than 13,000 branches, and they also grew at a fast rate. Sir, in the seventies, *i.e.* in Talwar's time year, 12,000 employees were recruited in the bank. That 12,000 recruitment was larger than the total number of employees for the entire Australian banks abroad for the whole Australian banking. Such was the gargantuan development. In that my colleagues participated, who are pensioners now. The 55,000 pensioners of the State Bank of India are being ill-treated by the Government and, particularly, by Shri Chidambaram, who is absent here. But let me go on record by saying this that their service colleagues in

* Expunged as ordered by the Chair.

the Bank went on strike for 6 days, and they were given an assurance. But, even today their own pension fund is being denied to them and their demands are not being met. They have been hoodwinked after the strike.

MR. DEPUTY CHAIRMAN: Kindly conclude.

SHRI EKANATH K. THAKUR: I will take only one minute. Now, when this control is coming to the Government of India on the SBI, my prayer is that you should form a panel of important people for nominating the independent Directors. Bank after bank, as I said, the Chairmen have become *maharajs*. There is one lady Chairman—I should not speak against ladies—of the Central Bank of India who chose to issue charge-sheets to hundreds of people at a time. That lady has spread terror and that lady has the support of the Government of India. They think that they are not accountable to anyone. If you go to the Central Bank of India, you will find everybody is shaken, everybody is frightened. Of course, there may be performance issues and such other things. But issuing charge-sheets to hundreds and thousands is not industrial relations. This is happening because everybody is terrified of her power. Second thing is that the nominee on the Board of Directors, say, some Assistant Secretaries of the Congress Party or some Deputy Secretaries go and sit on the Board of Directors of banks which deals with thousands and crores of rupees and do so, without any understanding of banking. That is ruining the entire system. I would request the hon. Minister to create a proper mechanism to manage our national assets and our national banks. These are our national assets. These are our national institutions for welfare, business and commercial purposes and we must have the right talent at the helm..

MR. DEPUTY CHAIRMAN: Please conclude.

SHRI EKANATH K. THAKUR: ... and, therefore, for the nomination of Directors, the Government of India should take maximum care by creating a proper machinery so that the track record, the biodata, the background and the entire living of the people, who are nominated, are examined, and they are appointed sheerly for what they are able to contribute and for their talent. This must happen. Otherwise, as I see now—I don't want to mention names—Mr. Minister, I will tell you through the Deputy Chairman, there are ignorant lumpen elements who are coming on the Board of Directors of national banks. Take my words, ignorant lumpen elements are appointed as Directors. Thank you.

SHRI D. RAJA (Tamil Nadu): Thank you, Sir. At the outset, I would like to say that my party supports this Bill. Having said this, I must point out that we can't appreciate the Government resorting to the Ordinance route. As a matter of principle, we are opposed to Ordinances. The Government should have come before the Parliament on all these crucial issues through a Bill earlier. Sir, the banking has a long history. I don't intend to go into the history of our banking system or banks. Banks are really constituting the central nerve system of our economy. While analysing the emergence of finance capital, Lenin once said, "Banks constitute the central nerve system of modern economy". That shows the importance of banks and how we understand the functions of the banks. I am one of those who strongly believe that our public sector is the strength of our economy. Public sector industries, public sector banks and public sector insurance companies are the real strength of our economy. Now, in the name of finance sector

liberalisation, the Government should not liquidate its equity and should not make the public sector banks vulnerable, for that matter any public sector undertaking vulnerable because there is a talk of banking reforms and we are engaging with the Government on the question of banking reforms. But there is no agreement so far. Even on the question of FDI, the entry of FDI into the banking sector, there is a problem. We are talking to the Government. We are making our point clear to the Government. Now, when we talk of banks, I agree with my previous speakers that banks have got certain social objectives, certain national objectives. If banks have to fulfil these objectives, they must have proper policy perception. They have to adopt certain proper practices.

Here I come to the question of credit policy. I really think the banks will have to drastically change their credit policy. I also agree with some of my previous speakers that when people take loans, it is not the ordinary people or farmers or small and medium level industry owners or entrepreneurs who cheat the banks; it is the corporate houses, it is the big business houses which cheat the banks. It is a conscious default; it is a wilful default. That is where the question of NPAs has to be addressed. Now, some of my previous speakers have questioned as to how the NPAs are being written off and what is the amount of NPAs collected by the banks. I do not know what is the Government's response because the Government, I find, has become very immune to these NPAs. The Government takes it for granted. The Government thinks that there is no problem of NPAs because it is all connected with big business house, corporate houses. On the one hand, the Prime Minister goes on speaking about chronic capitalism and on the other hand, the Government forgets to talk about NPAs, wilful default. If some ordinary farmer does not pay back the loan on time, all his belongings are confiscated. That is what is happening. I do not know why the Government is not taking stringent measures to recover NPAs. It is very shocking that the Government is trying to legitimise private money lending also. One of my colleagues mentioned that some Experts Committee of the RBI has come out with a report. One of the recommendations of that Committee is to constitute accredited loan providers. Sir, I tried to understand the meaning of accredited loan providers. It means you can have private moneylenders or some agencies who will take money from banks and then lend that money to others. They will fix the rate of interest. They will take money from banks at one rate of interest and lend that money to others at another rate of interest. So, in-between they will make some money. I do not know what is this concept of accredited loan providers. It is nothing but legitimising private money lending and again putting the people under the clutches of moneylenders. Is it the policy of the Government? Is the Government really contemplating to appoint such accredited loan providers, as is being suggested by some Experts Committee? I do not know what is the thinking of the Government in this regard. I must say that the Government will have to change the credit policy. On the one hand, the Government claims that it will double or treble public investments in agriculture, on the other hand, the farmers are finding it difficult to get loans. One of the reasons for suicides by farmers is the problem of indebtedness. The farmers get loans, but they are not in a position to repay their loans, and they commit suicides. The Government should really go into the depth of this problem as to why the farmers' distress continues, why the farmers' suicide continues. It is happening because of our wrong policies, wrong credit policies of our bank.

Otherwise, farmers could have been protected, and they can be protected even in the given situation. Having said this, I must say that the banks must improve their functioning. The banks must become more people-friendly, management functions. And, here comes the question of how the I know of several instances, as my previous speaker has referred to, — in fact, I personally took up those issues concerning the Central Bank and the Punjab and Sind Bank — how the management behaves in an autocratic and whimsical manner, how it goes heavily against the workforce, the employees. I do not want to take the names; but the Minister, who is sitting here, knows; the Cabinet Minister, Shri Chidambaram, knows. All these issues have been brought to their notice, but issues remain unsolved.

About bank's autonomy, we are not fighting with banks on that account. The banks should have autonomy, but it cannot be absolute. Autonomy cannot be an absolute one, or, that the power is in the hands of some Chairman or some Managing Director or somebody else. They should understand the meaning of autonomy in relative terms, and they must understand the meaning in terms of functioning, improvement and performance of the banks. Here, they need the cooperation of employees, and the Employees' Organisations and the management should try and work together. We are talking about the new work culture. We should talk about the new management culture as well. They should also understand that even the employees have their own organisations; they have a right to have legitimate trade unions and their functions. In such a situation, there must be some cordial relationship between management and employees and their organisations. But, in many cases, such harmony is not there, and this leads to some conflict or confrontation. In fact, the Banks' Organisations have called for a countrywide strike on 12th September. That will be a major strike by the bank employees. Unless the Government takes note of this and tries to intervene in the situation, this strike cannot be avoided. This strike is going to take place. It is going to be a major strike, and it will be a clear message to the Government that the employees cannot be cowed down, that they cannot be pressurised by the management, and the Government will have to advise the management or the Indian Bankers' Association as to how to behave with the employees and their organisations. Here I would like to make another point. When we talk of accredited loan providers, there is one more issue relating to deposit collectors. Their problem has been brought to the notice of the Ministers, Shri Chidambaram, and our respected Minister, Shri Bansal. These deposit collectors need some support. They do some odd work, and it helps us. Otherwise, you will have to go in for outsourcing of these services. I feel that this Government must have a very balanced approach to all these problems. These deposit collectors really need the support of the Government. So, when we are discussing this Bill, we will have to comprehensively discuss all these issues.

Sir, I have not dealt with all the aspects of our banking system here or, for that matter, the performance of our banks. I tried to point out only the urgent issues. The Government will have to change the credit policy. It should become more people-oriented one, and the Government should not try to legitimise the private money lending in the name of constituting or institutionalising accredited loan providers, and the Government must see that harmonious relationship is maintained between the management and the employees and their organisations. Also, these

deposit collectors really need the support of the Government. When strike is there, Government will have to intervene and it will have to somehow see to it that talks are held meaningfully. So, the message of the strike must be understood.

Having said this, Sir, my party supports this Bill. But this Ordinance route must be avoided. I do not know why in a democracy like ours, we should resort to the Ordinance route. Parliament is sovereign and our Parliament is a functioning one; we can discuss whatever may be the issue. After all, we try to do it in the best interests of our nation and Parliament is there to decide all these things. So, this Ordinance route must be avoided.

Anyway, my party conveys its support to this Bill.

SHRI PAWAN KUMAR BANSAL: Mr. Deputy Chairman, Sir, I thank all the hon. Members, namely, Shri Surendra Lath, Shri S. Natchiappan, Shri Tapan Kumar Sen, Shri C. Ramachandraiah, Shri Eknath K. Thakur and Shri D. Raja, who participated in this debate and extended their support to the Bill.

Sir, a doubt has been raised by some of the hon. Members speaking on this Bill about the need to have brought about this amendment in the State Bank of India Act through the Ordinance and then approaching the Parliament for passing the Bill. Sir, with utmost humility, I would like to remind the hon. Members that it is not something out of the blue that the Government has brought it before the House now; it was during the Budget, Sir, that the hon. Finance Minister had made an upfront announcement about the Government's decision to acquire all the shares of the RBI in the SBI and that, as I said to begin with, when I was introducing the Bill, was based on the recommendations of the Narsimham Committee, as also on the recommendations of the RBI itself, that it would be in the fitness of things that a regulator did not really own the financial institutions over which the regulator exercised its regulatory functions. It was this recommendation of both the Narsimham Committee, as also the Reserve Bank of India, that the Government proceeded in this direction. On that basis, Sir, the announcement was made in the Budget. It was duly reflected in the Appropriation Bill that we would require an amount, approximately Rs.40,000 crores, for the purpose. The Parliament passed the Appropriation Bill on this account. Therefore, the Government needed to accumulate this requisite amount, without disturbing the normal regular borrowing systems, the borrowing programmes that the Government has, and without upsetting the market from which the borrowings have to be made. And as the hon. Members would appreciate, the Government would accumulate this money from its tax revenues, from its non-tax. revenues, as also from the market borrowings. Sir, here is the pertinent point that unlike the financial year in other cases, the financial year of the RBI closes on 30th June every year. Therefore, having brought to the notice of the Parliament, having informed the hon. Members that this is what the Government intends doing, we had to have that time which we took, of three months, in mobilising the resources and then buying the shares.

Sir, the Ordinance; as you know, was brought on 26.6.2007 and on 29th June the shares were transferred to the Government strictly in accordance with the guidelines of the SEBI relating to the transfer of shares and against the approximate amount that we had then thought of, that is, Rs.40,000 crores, the actual amount according to the SBI guidelines that had to be paid, was Rs.35,530

crores. This amount was paid on 29th of June. The financial year of the Reserve Bank closed on 30th June. Thereafter, on 9th August, Sir, in the form of payment of the annual surplus to the Government, the Reserve Bank of India returned almost the whole amount, except keeping Rs. 1,222 crores as the book value thereof. And, had there been the delay between the purchase of the shares and the transfer of the annual surplus amount to the Government, the Government would have had to pay much more interest thereon. And that incidentally raises ...(*Interruptions*)... I will answer your point. ...(*Interruption*)... I will answer your point.

SHRI C. RAMACHANDRAIAH: Sir, where does that interest go? It goes to the RBI. Ultimately, it will be transferred. ...(*Interruptions*)....

SHRI PAWAN KUMAR BANSAL: I will answer your point. ...(*Interruptions*)... I was exactly going to come to your point first, jumping others, to come to your point. And, Sir, that incidentally raises this important question which Mr. Ramachandraiah has referred to as to what is the distinction, what is the dividing line between the Government of India and the Reserve Bank. Fortunately, for me, Sir, he answered the question himself. When he spoke, he put certain onus on the Reserve Bank of India. He knows it extremely well, perhaps, better than I do, Sir, that the Reserve Bank is the Central Bank as also the regulator. The Government of India does not perform any of these two functions. It is at the end of the year, Sir, when the annual surplus is transferred to the Government of India. But, does that make this question that imperative as to why an Ordinance has been issued? It is very transparent, as I said, Sir. We made that announcement way back at the time of the presentation of the Budget. And the hon. Members passed that Budget; the hon. Members passed the Appropriation Bill. That took the form of the Act, namely, the Appropriation Act. Deriving that power from the Appropriation Act, the further subsequent proceedings have been taken. Now, for a moment, Sir, presume that the Appropriation Act had not been passed, or, we had not introduced it in the Budget, then, obviously, we could not have come today without the Supplementary Demands for Grants to tune, Rs.40,000 crores or Rs.35,000 crores. It was taking that permission from the Parliament then, that we had to take this route to avoid extending that period to one year. Well, if you were to say, 'why could you not wait for another year?' Well, one could say it. But, I have given the reasons how this time was taken earlier when the decision was taken by the Reserve Bank of India. The Reserve Bank sent to the Government as to these are the legislative changes which would be brought about, this would be the approximate amount which would be needed. And, then, subsequently, in the form of specific amendments which were to be introduced, and then the Cabinet taking that decision. As we all know, Sir, law-making is a protracted business. It is not that just today you decide and tomorrow we could have introduced the Bill. The Parliament was not in session when that 30th June period was expiring. And, if we were to wait for this, it would have to go to the next year, Sir, as I said earlier. For the sake of adding emphasis, I made that repetition.

Having said that, Sir, there are certain other very important points raised by the hon. Members which I would try to answer. There is no denying the fact that the banking system in the country has gained strength over the period. Our central bank, the Reserve Bank of India, is counted as one of the best central banks in the world today. But, there is a long way that we have to go. There was reference to

the need to amalgamate banks, to consolidate banks. We have repeatedly said, Sir, that the Government would welcome that. But, then, we know that we work in a democracy. We are leaving it to the bank managements and to the employees to sort it out amongst themselves. The Government would like not to thrust any decision upon the banks, but to act as a facilitator. We want the banks to gain that strength for which the hon. Members have expressed their sentiments. The Members have emphasised the need to strengthen the banks so that their position is improved. Sir, there was, perhaps, some misapprehension or there was no appreciation of the facts about the performance of the State Bank of India. It is in this context that I would like to say, Sir, that the deposits of the State Bank of India stood at Rs.3,80,000 crores as on 31st March, 2006. This has increased to Rs.4,35,000 crores as on 31st March, 2007. Similarly, Sir, the advances of SBI increased from Rs.2,67,000 crores to Rs.3,42,000 crores.

There was a reference to the priority sector. I am sure, the hon. Members are aware of the fact that there are guidelines by the RBI making it imperative upon the banks to lend to the extent of 40 per cent to the priority sector. I would be referring to those figures also. Almost all the banks have come up to that mark. The overall performance is 40 per cent. But, if a bank lags behind, then there is a sort of penal provision, as the hon. Members know, that they have to contribute to NABARD inversely proportional to the shortage that they have in lending loans to the priority sector, in the form of Rural Infrastructure Development Fund.

SHRI C. RAMACHANDRAIAH: You should know that the lapses they have been indulging in — they are getting interest! So, they are indulging in lazy banking. Is it a punitive action you are imposing on them?

SHRI PAWAN KUMAR BANSAL: It is not that the banks are absolved of the responsibility to lend to the extent of 40 per cent. As I said, the banking system as such has lent over 40 per cent and I will give those figures if the hon. Members wish. Sir, the total outstanding balance under the priority sector advances, as of the last reporting Friday of March, 2007 stood at Rs.5,21,180 crores, which reflects that 40 per cent.

Then, a point was made that it is the weaker sections which suffer and that the weaker sections do not get it. In that context, with a sense of full satisfaction, I would like to place before the House that it is this Government which has added emphasis on the financial inclusion. The Prime Minister has repeatedly emphasised that financial exclusion leads to social exclusion and, therefore, the banks must endeavour to ensure that every household in the country has a no-frills-banking-account. Every household in the country. To begin with, as a pilot project, the decision was that at least one district in every State shall be covered under 100 per cent financial inclusion by having this no-frills-banking-account whereby you do not have to have any balance in the account, yet the bank would open your account. And, having gone through that process, you will be entitled, without any hassles, to a loan to the extent of Rs.25,000 - 50,000, under the Kisan Credit Card, the General Credit Card, as also under the Swa-rozgar Credit Card.

Sir, I am happy to point out and to report to the House that not content with just one district, in almost all the States, the banks have taken it upon themselves to go in this programme, in a big way. The banks have shared this desire and

sentiment of the Government and in three States that I know of immediately, one State has already completed 100 per cent financial inclusion. A backward State like Himachal Pradesh has completed 100 per cent financial inclusion in that State. We have to further see that if anybody says he remained untouched by this, that the banking system has bypassed him, we would still ensure that the officials from banks along with the officials of the Government, together, would go and ensure that everybody has that account. Further, the States have also taken it upon themselves and a good number of meetings that I have attended and the State-Level Bankers Committee Meetings that I have attended, in almost all the States wherever I have gone, the bankers have opted voluntarily that up to 31st March, 2008, not a long date.....

SHRI EKANATH K. THAKUR: Is the Minister taking a delegation of Parliamentarians to wherever you have said a hundred per cent financial inclusion is there, like Himachal Pradesh? Can you take seven leaders of seven parties?

SHRI PAWAN KUMAR BANSAL: I immediately said that we are asking the people It would not be very appropriate. I immediately said that along with that day, the target is fixed and it is much beyond that period. The target fixed is, Sir, that 50 per cent of the country has to be covered by the year of 2012 and 100 per cent, the entire country, has to be covered by 2017. If the banks if they take it upon themselves that they want to cover the entire State, they said, Sir, if they go on from house to house, if ten people, — well, I would not say that there would not be a single case of ...*(Interruptions)*... If for instance, if the bank people as also the officials of the State Government approach a particular house conducting a door to door survey, somebody is not available, somebody is left out, do we then rush to pass that sweeping judgement that whatever I am saying is not correct? Does the hon. Member wish to say that? Sir, what I am saying is that we are committed to that that every person, every household in the country, particularly the rural households, would have been covered by this scheme. And at a very accelerated pace, we would cover that. Sir, when this Government took office. ...*(Interruptions)*...

SHRI S.S. AHLUWALIA (Jharkhand): Do they need a PAN card?

SHRI PAWAN KUMAR BANSAL: For this they do not need the PAN card.

SHRI S.S. AHLUWALIA: Do they need a residential proof?

SHRI PAWAN KUMAR BANSAL: Residential proof, of course. Actually, the bankers along with the officials are visiting their houses there, and making the accounts there. ...*(Interruptions)*... Then the difficulty which would come, maybe, somebody you would say that there is a pavement dweller. We see as we have to cross the bridges what do we do about those matters. But what I was pointing out was that we are conscious of this need today after 60 years As Shri Eknath Thakur was referring Over the 60 years tremendous progress has been made. If we were to discuss the figures as to what was the number of accounts 30 years back, what is the number of accounts today, I do not want to go into those details. Sir, I have not gone even into the figures of the last three years. I only cited the example of 2006 and 2007. I have not even referred to the time when we took over and the progress, which has been made till this date. But in this context I would certainly

like to cite at least one example. When we took over three years back, it was announced by this Government that in a period of three years, we would double the credit to agriculture, from 86,000 crores we had wanted to take it to double the amount and again we are happy to report here, Sir, that we doubled this in almost two years. In a period of little more than two years, this was doubled. And encouraged by that, encouragement by the commitment that bankers accepted in this direction, everybody joined in this with that missionary zeal. This was done in a little over two years and the figure we have for this year, Sir, that instead of from 86,500 crores three years back, disbursed in 2002, 2003 and 2004, the figures of disbursement of agricultural loan reached 2,05,000 crores in the year 2006-07. For this year we fixed it 2,25,000 crores of rupees. I am confident that when I say that we will cross this limit. With *that... (Interruptions)*... 2,05,000 crores was disbursed by the year 2006-07 and this year the target has been fixed for 2,25,000 crores. We will exceed that target. There is also another target, which we have set for ourselves, that is, every year 50 lakh new farmers have to be covered. *... (Interruptions)*... 50 lakh new farmers have to be covered. *... (Interruptions)*... That is the account, and 50 lakh new farmers means 50 lakh new accounts. It is always exceeding that during the last three years. There is a very fair proportion... *(Interruptions)*...

SHRI C. RAMACHANDRIAH: Sir, this is not reflected on the ground level. *... (Interruptions)*...

MR. DEPUTY CHAIRMAN: How can he answer that question? *... (Interruptions)*... In certainty he is saying as a Minister, a responsible Minister and you are saying that it is not reflected on the ground. *... (Interruptions)*... What else he can do? *... (Interruptions)*...

DR. K. KESHAVA RAO (Andhra Pradesh): What is he talking about, if it can be really implemented, nothing like that. But there is no mechanism of which he has talked about. So, without a mechanism, we cannot go from house to house.. *(Interruptions)*...

MR. DEPUTY CHAIRMAN: The Hon. Minister is saying with all responsibility, so you have to hear him. *... (Interruptions)*...

SHRI PAWAN KUMAR BANSAL: Sir, I am not saying that these are the targets; I am not only making any wishful statements. I am also giving the figures of the achievements, what has been attained. I do not say that everything is just perfect wherever we go. Maybe, there are certain things which leave much to be desired and that is where I would say, Sir, we would seek your cooperation in that matter. If you point out something to us, for instance, the education loan...*(Interruptions)*...: Let me complete now. *... (Interruptions)*...

MR. DEPUTY CHAIRMAN: You can put your question later on.

SHRI ROBERT KHARSHING (Meghalaya): Sir, in Hindustan Times of 14th August, 2007, it has been reported that farmers have committed suicides in Vidarbha and the reason given was...*(Interruptions)*...

MR. DEPUTY CHAIRMAN: He is not assuring that there would not be any suicide.

SHRI PAWAN KUMAR BANSAL: For instance, education loan...

SHRI S.S. AHLUWALIA: Whatever figure he is quoting looks good. But...

SHRI PAWAN KUMAR BANSAL: Sir, now, there are different opinions on this. Some hon. Members have rightly expect from the Government that the banks should extend education loans at a reasonable rate to those unfortunate people who do not have the fortune of taking birth in a rich family and, therefore, are unable to afford the high cost of higher education. Therefore, they should be extended education loan. There are other hon. Members who say, 'you are burdening those people with loans.' That is what they are saying. But, it is precisely the point I want to make here. We feel that people do not have to be doled out money like charities. To make them responsible and proud citizens of the country, they should be helped. They have to be given opportunities. An environment has to be created in which they have an opportunity to really come up in life. And, in this case...

SHRI S.S. AHLUWALIA: Sir, one thing I want to know.

SHRI PAWAN KUMAR BANSAL: Sir, let me complete my reply.

SHRI S.S. AHLUWALIA: Sir, I raised this issue several times in the House. Although the policies are very clear — they say that up to Rs. 4 lakhs or Rs. 7 lakhs no collateral guarantee is required — but whenever a student goes to a bank for education loan, they ask for collateral guarantee! From where will they bring the collateral guarantee? If they have the capacity of giving collateral guarantee, they will not go to bank for loan...(Interruptions)...And, the hon. Finance Minister has assured in this House...(Interruptions)...

SHRI C. RAMACHANDRAIAH: Sir...(Interruptions)...

MR. DEPUTY CHAIRMAN: No, no. You can seek clarifications after the reply ... (Interruptions). ..I cannot allow. ...(Interruptions). ..Let the Minister complete his reply. Later on, if hon. Members wish to seek clarifications, I will allow ...(Interruptions)... How can you seek clarifications even before he completes his reply? ...(Interruptions)... दर्दा साहब, आप पूछिए...(व्यवधान)....आप बाद में पूछिए...(व्यवधान)....

SHRI PAWAN KUMAR BANSAL: Sir, I seek the indulgence of the House to let me complete my reply...(Interruptions)...

SHRI S.S. AHLUWALIA: ...(Interruptions)...

MR. DEPUTY CHAIRMAN: No, no. This is not *connect*...(Interruptions)... Let him complete...(Interruptions)...

SHRI PAWAN KUMAR BANSAL: I anticipated this point. This point was not raised. ...(Interruptions)...

MR. DEPUTY CHAIRMAN: The Minister is saying that nobody touched the point on education loan. So, he is voluntarily explaining this ...(Interruptions)...

SHRI PAWAN KUMAR BANSAL: Sir, this point was not raised. I myself raised this point to answer the query of Mr. Ramachandraiah that everything is not

reflected on the ground...(Interruptions)...So, in this context, I have taken up this point..
...(Interruptions)... Sir, in this way I will not be able to reply...(Interruptions)...I will sit
down...(Interruptions)...

SHRI S.S. AHLUWALIA: Sir, he should understand the concern of the Members....
(Interruptions)...

श्री उपसभापति: आप पूछिए...(व्यवधान)....बाद में पूछ लेना...(व्यवधान)....

SHRI PAWAN KUMAR BANSAL: Sir, in this way, I will not be able to reply ...
(Interruptions)...

श्री उपसभापति: दर्डा साहब, क्लैरिफिकेशन पूछिए...(व्यवधान)....आप बैठिए
...(व्यवधान)....लेकिन बाद में पूछिए ...(व्यवधान).... Let him complete his reply. First you listen
what he wants to say.

SHRI PAWAN KUMAR BANSAL: Sir, this is very *unfak*...(Interruptions)...

श्री विजय जे.दर्डा (महाराष्ट्र): सर, इन्होंने जो बात कही हैं ...(व्यवधान)....

श्री उपसभापति: आप बो लिए ...(व्यवधान)....बीच में इंटरवेंशन ...(व्यवधान)....He is replying. I
am going to give you an opportunity. After he completes his reply, you can seek
clarification.

SHRI PAWAN KUMAR BANSAL: Sir, as I was submitting, I am raising this point
on education loan myself to try to answer the point which he has made that, perhaps,
what we are doing is not reflected on the ground. Therefore, I said, sometimes there
could be occasions for complaints. That is precisely the point why I took up the point on
education loan. Let me give the facts first. Let me give that much indulgence. When we
took over, the number of students obtained education loans was 3,19,337. By the end of
March, 2007, the number of students rose to 9,37,379. There is a three-fold increase.
The amount then was Rs. 4,00,550 crores and the amount now by the end of March,
2007, is Rs. 14,00,214 crores. This is the figure that I am giving. Despite this, Sir, Mr.
Ahluwalia said, "We keep getting these complaints from the people". But, I reiterate that
we will simplify the procedure. We say that even a guardian can also be a co-guarantor,
along with the student. It would be enough. If you come across cases...(Interruptions)...
We have asked the banks, and the banks have taken upon themselves, to go, not for the
melas in that sense, and set up their temporary counters in the educational institutions
and offer the students opportunities to avail of the loan then and there.
...(Interruptions)...

SHRI S.S. AHLUWALIA: What about orphans? ...(Interruptions)...

SHRI PAWAN KUMAR BANSAL: Sir, the banks are discharging the mandate of
Parliament. We must really compliment all the banks that they have taken up this task
upon themselves in a big way.

[THE VICE-CHAIRMAN (PROF. P.J. KURIEN) in the Chair]

But, still, if any hon. Member receives any complaint about anything, we would just
want the fact, not just a sweeping statement, but would like to have those

instances, and I can assure you that we will take a prompt action. There is a mechanism for that. There are various measures. So, if you write to us, we would welcome that and we would urgently address that problem.

Sir, I would, again, like to revert to financial inclusion through the Self-Help Groups. The number of Self-Help Groups functioning in the country, at the end of June 2007, is 29,25,698. This is against the figure of 10,79,091 credit-linked SHGs when we took over. *...(Interruptions)...* Sir, if you were to multiply this by a figure of ten, it is about four crores of people who have benefited thereby. Though the provision is that they would get Rs. 25,000/-, a self-help group, which has matured into a small micro-enterprise, will get still more. We find that in certain cases the average of the loan extended to the Self-Help Groups — perhaps this can be said of the deposits, but he wants to know of the credit — is lower than what we would certainly want. In certain cases, I have come across the figures, that is, as low as, Rs. 5000 only. We would certainly want to increase it. But, then, we have to ensure that there is that absorptive capacity of the beneficiaries. It is no fun extending them loans, if they really do not know how to utilize that. We don't want to make those people indebted further. We want to extend them loans and they come up well in life and they improve the condition of life and their standard of life is improved. For that training institutes have also been set up. *...(Interruptions)...* I would certainly like to answer any...*...(Interruptions)...* But, Sir, I would only like to seek indulgence *...(Interruptions)...*

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): I will give you time after the Minister finishes. *...(Interruptions)...* I will give you time after he finishes. *...(Interruptions).....(Interruptions)...* The Minister is not yielding. *...(Interruptions)...* Please, he is not yielding. *...(Interruptions)...* I will give you time after he finishes. *...(Interruptions)...* Ms. Rebello, please...*...(Interruptions)...* Please don't disturb. *...(Interruptions)...*

SHRI PAWAN KUMAR BANSAL: I will answer all the points. *...(Interruptions)...* It is not fair, Sir. *...(Interruptions)...*

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): If you want to speak, I will allow you to speak after the Minister finishes. Please sit down. *...(Interruptions)...* Why are you disturbing? *...(Interruptions)...* Please sit down. *...(Interruptions)...*

SHRI PAWAN KUMAR BANSAL: Sir, precisely, none of these points relate to the Bill that we have before us. But I would certainly like to address the concerns of the hon. Members. None of these points really relate to the Bill that we have before us. But since this is an important subject, which we are discussing, I do not really mind responding to any query regarding the banking system, as such. And, that is, precisely, my endeavour. Otherwise, that was answered in one minute only. When I introduced the Bill, and thereafter in the first one paragraph, I answered that point. I am trying to answer these points also. When we were talking of expanding the reach of the banks, it is again they are tying up. The banks have introduced a novel system, now, on the basis of the guidelines of the Reserve Bank of India to take the banking system to the people in the country with 600 lakh villages, and the number of bank branches would be below 70,000. How do we cover all those villages? How do we reach out to the remotest of the people? How

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do we reach to the remotest comers of the country? The banks are adopting to the system of tying up with MFI's, NGO's, Panchayats, other trusts and section 25 companies, and also the post offices for taking the banking to the doorstep of the people, not that the person would come to the bank, but the bank must reach the doorsteps of the person and, for that, even now, we are in the very incipient stages thereof. But even the branchless system is being introduced, whereby, a hand held terminal would be taken by the post office man or by any other of those business facilitators or the correspondents to the person there, and using the biometric card, the amount could be deposited in the account or it could be withdrawn from the account. Those are the ways which the Banks are really innovating to reach out to the people so that banking system touches the life of everybody in the country.

Sir, there was a point made about, well, NPAs that, perhaps, there is more that we hide than we reveal. It is not like that. But I would still like to refer to the fact of NPAs again. The hon. Members are aware of this fact that from a very worrisome level of NPAs, the net NPAs today have been reduced to 1.04 or 1.05 per cent. But the question that was, perhaps, asked by Mr. Ramachandraiah or Mr. Thakur was this. What was the amount that has been really written off? Sir, all public sector banks, put together, have written off debts amounting to Rs. 8,300 crores in 2005-06, and Rs. 9100 crores in the year 2006-07 respectively. This includes the amount written off in compromise settlements. These matters, Sir, again, would raise an issue on which there is a divided opinion as to what is the level of autonomy that has to be granted to the banks and to what extent is the control that the Government must have on the banks. That is another point on which we have a divided opinion always, Sir. But, then, these decisions are not taken by the Government. These decisions are taken by the Board. Banks are today board-driven. The Government has strengthened the corporate governance of the banks. And, I would like to really, with almost all the humility at my command, tell the hon. Members that there is a distinction, as we see, between the ownership and the management. There is an inference drawn that if we take the ownership of the bank shares, we are, perhaps, having the ownership with the control in our hands. For all the nationalised banks, the Government owns shares more than 51 per cent. There is varying percentages of shares, but, in all the banks, the share is more than 51 per cent which, incidentally, takes me to the point which Mr. Surendra Lath also said as to what are the other recommendations of the Narsimham Committee. This was one of the recommendations of the Narsimham Committee that the Government may bring it down to 33 per cent. The NDA Government had decided to do it. Our stand is very clear. The stand of the UPA is very clear on this. We stand for safeguarding the public sector character of the banks. Therefore, the shares of the banks; the Government equity in the banks will not come down below 51 per cent. That is our commitment. We are standing by that. But, at the same time, we feel that when we have that...*(Interruptions)*...

SHRI C. RAMACHANDRAIAH: Till what time, Sir? Sorry to interrupt you.

SHRI PAWAN KUMAR BANSAL: That question does not arise. But, then, we want the management to be in the hands of the Board only. I can say it with full

sense of satisfaction that the Boards of the public sector banks are doing a commendable job. There may be an aberration here and there. There was a case referred to by Mr. Ramachandraiah. But another hon. Member said something else on that. I would not like to go into the merits of those individual cases where there were some disputes. But, I can only say that the system is strong enough to take appropriate action wherever the situation warrants. Because we stand committed to infuse greater strength in the working of banks, because we feel that it is the banks which are the driving force for our economy. The way the economy has progressed, the banks have a tremendous role to play in that. Sir, in this context, I would like to say that the deposits in the entire banking system have risen very appreciably during this period; at a stage, it had become such growth which rather had to be modulated.

Sir, a point was also raised about outsourcing; I would like to answer that point also. Again, I am trying to make the point that it is not the Government, it is the Reserve Bank as the regulator which, from time to time, issues various guidelines for the banks to follow. In this context, to make the working of the banks more efficient, to help banks deliver better, there have been guidelines issued by the Reserve Bank about outsourcing also. These guidelines are meant for banks to manage their risks arising out of outsourcing of some of their activities more effectively, as I said. But on these activities — which they have done — banks have repeatedly said that the core banking activity of the banks will not be outsourced. That should be the concern, Sir, and we would adequately answer that concern here. But, then there are certain other functions. Banks don't print money. They take money from depositors, manage that money, and give loans further; that is how they run the entire establishment and also meet the expectations of our countrymen. In that case, to cut down on cost — that was the point which I would like to come to later as to how to work out the interest — and to make functioning more effective, activities may be outsourced —, like collection of application forms, documents, valuations, marketing of products and other ancillary functions like transfer of cash, security office maintenance, etc. However, banks are not committed to outsource core functions, as I said, Sir. As regards the Reserve Bank guidelines, that was a legitimate concern, I would say. Why should there be even one case? That certain tactics are used by some banks, but not by the public sector banks. Let me say, Sir, there were a very few cases. But why should any bank do it? We share that concern. The RBI guidelines are very clear on this. There are unambiguous guidelines on this. For recovery of the amounts, their agents must be held responsible. The banks are responsible for the acts of their agents, that is, the direct sales agents, or, the direct marketing agents also. Sir, in a recent judgement, the Supreme Court has come down very heavily on any person resorting to those practices. That is an illegal activity. If any bank employs an agent who goes and harasses a person elsewhere, well, you can take recourse to law; the ordinary law, the general law of the country and get him booked for that. We have no sympathy for that. We, certainly, believe in transparency and effective working of banks and our reports are that banks are doing that.

Here, I think a point was made about making some alluding tools the performance of the ICICI Bank. Look at the entire facts. There are number of branches. When you talk of the social responsibility which the State Bank of India has to perform, the public sector banks are mandated. There is a vast difference

between the two. Under what environment have they to function? Look at the number of branches I am just giving the example of State Bank of India. The number of branches that the State Bank of India has is 9,143. Out of these, in rural areas, there are 3,913 branches and in semi-urban areas there are 2,480 branches. These put together go to over 6,300. This is the number of branches that the State Bank of India has in the rural and semi-urban areas whereas the total number of branches that the ICICI Bank has in rural areas is 75 and in semi-urban areas it is 99 only. The banks submit their annual branch expansion plans to the Reserve Bank of India. The Reserve Bank of India after ensuring that they plan to open adequate number of branches in the rural and semi-urban areas grants them the permission. Only then the permission is granted and there are detailed guidelines about that but I do not really wish to refer to them at the moment. But then the branch expansion programme is undertaken by the banks, keeping in view the viability of the banks also. But, then, Sir, here again, I would hasten to add that same point. At certain places, opening of a brick and mortar branch may not be viable, economically and financially, from the business point of view. It is precisely to ensure that the banks reach the doorsteps of those people also that we are now adopting the branchless banking of which I made a reference earlier.

Sir, earlier when I referred to the financial inclusion, I missed only a point about that. A Bill has already been introduced. The Micro Financial Sector Regulation and Development Bill which is introduced in the Parliament provides for effective supervision and even development of the micro finance sector to which the Government is committed, as I said earlier.

Sir, there were some other very few points raised. About the decline in profits, well, the figures speak otherwise. But if you were to take the figure of one particular year when you talk of the return on assets — here, I would like to refer to this ICICI, the example which you were then citing that though a good number of banks have crossed that target which is internationally accepted, — one per cent is internationally considered fine — there has been a little decline last year in the State Bank of India, but so has been in the case of the ICICI. But that is precisely to ensure that you don't lend at higher rates also. That is a very complicated task which the banks have to perform. On the one hand, they have the social responsibility to see that the interest do not go beyond a particular point, and, on the other hand, we are answerable to you also when you say, 'well why hasn't the bank made the profit?' If you point out inefficiency on the part of the bank, fine, the bank has to be taken to task. But if the banks are trying to strike that balance as to how to perform the social obligations also and, at the same time, book some profit which is almost equal to the internationally accepted targets, there is nothing wrong with it, Sir, because in net interest margin, we don't want to go beyond three per cent. If the banks have a larger net interest margin, we wouldn't really welcome that all. So, we would, therefore, ensure on them that when you take the deposits and the loans, there has to be that balance between the two.

Sir, I think when there was a reference to the benefit to artisans, etc., I would only like to say that out of that 40 per cent of the priority sector, 18 per cent is for the agriculture, 10 per cent has to go to the weaker sections, — and in weaker sections, besides all those, recently minorities have also been included — and then 12 per cent for all other categories under that, and even in the case of housing, Sir,

when a reference was made to the housing, it has been provided that loans up to Rs. 20 lakhs for housing will also be considered on priority sector.

Sir, I have tried to answer some of the points. ...(*Interruptions*)...

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): I think, you have answered all points. ...(*Interruptions*)...

SHRI PAWAN KUMAR BANSAL: Sir, with these words, I thank the hon. Members for having participated in the discussion and for having extended their support to the bank. I can only assure the Members that we share their sentiments on all the matters to really make banking sector as a potent vehicle for the growth of the country and any suggestion by them any time would certainly be most welcome.

With these words, Sir, I conclude.

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Yes;. Mr. Darda. ...(*Interruptions*)... Only one question will be allowed.

श्री विजय जे.दर्डा: सर, मैं आधा क्वेश्चन ही पूछता हूँ। माननीय मंत्री जीने बहुत अच्छी बात की है और उनके माध्यम से बैंक भी बहुत अच्छा काम कर रहे हैं। इसके लिए मैं उनको धन्यवाद देता हूँ। उन्होंने बैंकिंग का बताया कि 2 लाख करोड़ से 2.5 लाख करोड़ एग्रीकल्चर लोन के डिसबर्समेंट का हैं, जिसमें 50 लाख किसान हर साल आ रहे हैं। मैं आपसे सिर्फ इतना जाना चाहता हूँ कि विदर्भ के अंदर प्रतिदिन जो किसान आत्म-हत्या कर रहे हैं, जैसे इस वर्ष में 1,300 से अधिक लोगों ने आत्म-हत्या की और 15 अगस्त के बाद भी करीब-करीब सात, आठ लोगों ने आत्म-हत्या की है, तो आपकी इन सारी व्यवस्थाओं के बावजूद भी यह आत्म-हत्याएं क्यों हो रही हैं? इसके लिए जिम्मेदार कौन हैं? यह मेरा पहला प्रश्न है कि इसके लिए जिम्मेदार कौन हैं। दूसरा मैं यह जानना चाहता हूँ।

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Please put only one question. Mr. Minister, there are others also; you may reply to all the questions together ...(*Interruptions*)... Only one question please.

श्री विजय जे.दर्डा: उसी से जुड़ा हुआ महिलाओं का प्रश्न है कि उस विभाग में जो महिलाएं काम कर रही हैं, जो several groups के अंदर काम कर रही हैं, वे महिलाएं जो 10-10, 20-20 रुपए इकट्ठा करती हैं, उनको जो पैसा दिया जाता है, उसका रेट ऑफ इंटररेस्ट क्या है, 20%, 25%, 30%, 35%, रेट ऑफ इंटररेट कितना है?

SHRI TAPAN KUMAR SEN: Sir, this relates to outsourcing. The hon. Minister has said in his reply that it is a board-driven thing. The IBA as such has entered into an understanding with the employee organizations on 2nd June, 2005.

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): No speech, please put the question.

SHRI TAPAN KUMAR SEN: Sir, I am coming to that. It says that outsourcing would be done only within the area of IT-related activities, and even there it would be done where in-house capabilities are not available. But the fact remains that even in State Banks, outsourcing has been extended...

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): No, no. That is not allowed. You are making a statement. This is not allowed.

SHRIMATI BRINDA KARAT (West Bengal): Sir, he needs an answer to the question.

SHRI TAPAN KUMAR SEN: Sir, I have only made a statement.

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): No, I have said that you can put only a specific question. You cannot make a statement; you can only put a specific question. ...(*Interruptions*)...

SHRI TAPAN KUMAR SEN: Sir, I have put a question he must have understood my question.

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): You are making a statement.

SHRI TAPAN KUMAR SEN: Sir, I have put my question.

SHRI ROBERT KHARSHIING: Sir, my question is, why since November, 2006 till July, 2007 — and I am quoting the Economics Editor of the Indian Express— RBI has purchased...

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): No, you cannot quote. Please put the question.

SHRI ROBERT KHARSHIING: Sir, why has RBI purchased about 28 billion dollars in the foreign exchange market which averages to about three billion dollars per month? Is this the reason why inflation has increased ...(*Interruption*)...

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): The hon. Minister may answer that if he thinks the question is within the purview of the Bill.

SHRIMATI BRINDA KARAT: Sir, the Minister has very approvingly mentioned the Micro-finance Bill as the panacea for the problems of self-help groups. My question to the hon. Minister is: is he aware of the strong objections raised by many of the self-help group movements and women's organizations to the Bill, which they believe is going to sound the death-knell for the thrift movement in this country? What are you doing about that?

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Mr. Ramachandraiah, please put a specific question.

SHRI C. RAMACHANDRAIAH: Sir, the Minister has made a very exhaustive reply and I must appreciate that.

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Please put only the question and don't make any speech.

SHRI C. RAMACHANDRAIAH: Sir, there was only question that was not replied to and we wish to seek clarification on that. You have said that you have made the payment on June 29 and the transaction was completed in the first week of July. 30th June is the RBI's accounting year. You have tried to justify the issuance of an Ordinance. Our question relates to that. What difference would it have made if the transactions were to be completed even today? You should not have waited for one year.

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Your question is clear. ...*(Interruptions)*... Just two more questions. ...*(Interruptions)*... Shri Shanappa, put only the question.

SHRI K. B. SHANAPPA (Karnataka): Sir, there is a provision made by the State Governments and the Central Government that after the death of the employees, their dependents would be given employment on the basis of their social and economic conditions. Would you assure the House. ...*(Interruptions)*... Sir, please allow me to speak.

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): That was clear. ...*(Interruptions)*... Please put only one question. ...*(Interruptions)*... I had thought that you had finished. Let me come back to you after this.

SHRI EKANATH K. THAKUR: Sir, the hon. Minister has not answered the question whether the Government, through RBI, is trying to legitimise the institution of moneylenders.

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Sit down please, that was clear. Mr. Azmi...*(Interruptions)*... Put only questions.

श्री अबू आसिम आजमी (उत्तर प्रदेश): सर, मैं आपके माध्यम से माननीय मंत्री जी से पूछना चाहता हूँ कि क्या पॉलिटिकल लोगों को बैंक से फाइनेंस करने के लिए कोई रीस्ट्रिक्शंस हैं? हम पहले जब पॉलिटिकल नहीं थे, तो हमें अपने लिए लोन फाइनेंस कराने में बहुत आसानी होती थी। ...*(व्यवधान)*....

† شری ابو عاصم اعظمی: سر، میں آپ کے مادھیم سے مائے منتری جی سے پوچھنا چاہتا ہوں کہ کیا پالیٹکل لوگوں کو بینک سے فائیننس کرنے کے لئے کوئی ریسٹرکشنس ہیں؟ ہم پہلے جب پالیٹکل نہیں تھے، تو ہمیں اپنے لئے لون فائیننس کرانے میں بہت آسانی ہوتی تھی۔۔۔ مداخلت۔۔۔

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Your question is clear; that is enough.

श्री अबू आसिम आजमी: हम लोगों को क्रेडिट कार्ड और लोन नहीं दिए जा रहे हैं। ...*(व्यवधान)*.... मैंने लेटर लिखा है, लेकिन कोई जवाब नहीं दिया।

† شری ابو عاصم اعظمی: ہم لوگوں کو کریڈٹ کارڈ اور لون نہیں دئے جا رہے ہیں۔۔۔ مداخلت۔۔۔ میں نے لیٹر لکھا ہے، لیکن کوئی جواب نہیں دیا۔

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Please sit down; your question was clear. Ms. Mabel Rebello... *(Interruptions)*... Nothing except what she says would go on record...*(Interruptions)*... Please don't put me in trouble because I have allowed all of you. ...*(Interruptions)*...

†Transliteration in Urdu Script.

MS. MABEL REBELLO (Jharkhand): Sir, the hon. Minister mentioned that about 20 lakhs of Self-Help Groups have been formed. I would like to know from the hon. Minister: What is the total deposits of these Self-Help Groups? What is interest that banks give to these Self-Help Groups, especially women? What is the interest rate that they charge when they borrow? What is the corporate rate that they charge from the corporate sector?

SHRI K.B. SHANAPPA: After the death of an employee working in the bank, bank is not giving jobs to their dependents. It was previously given but now it has been stopped. I ask the concerned Minister through you, Sir, whether you are going to give a chance to dependents to be employed in the banks.

SHRIMATI PREMA CARIAPPA (Karnataka): Sir, the hon. Minister said that student loan is issued in the college premises itself. I want to tell that one student who approached a nationalised bank to obtain loan was asked to go to his native place. When his father is working in Bangalore and he is studying in Bangalore, he was not given loan there. It was said that it is a new policy. I want to know from the hon. Minister whether such a new policy has been introduced that a student cannot get bank loan other than from his native place. ...*(Interruptions)*...

श्री रुद्रनारायण पाणि: सर, *एक सवाल है...*(व्यवधान)*....सर, आप यह अन्याय कर रहे हैं ।
...*(व्यवधान)*....

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Please sit down.
...*(Interruptions)*... Please sit down. ...*(Interruptions)*...

श्री रुद्रनारायण पाणि: सर, सरकारी पार्टी के मेंबर्स ...*(व्यवधान)*....

उपसभाध्यक्ष(प्रो.पी.जे.कुरियन): पाणि जी, बैठिए ...*(व्यवधान)*....आप बैठि ...*(व्यवधान)*..... No more...*(Interruptions)*... Hon. Minister to reply. ...*(Interruptions)*...

श्री रुद्रनारायण पाणि: सर*

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Hon. Minister, please reply. You answer whatever you can. ...*(Interruptions)*... Please sit down. ...*(Interruption)*... Mr. Pani, don't say like this. ...*(Interruptions)*... Whatever Mr. Pani is saying will not go on record. ...*(Interruptions)*...

SHRI PAWAN KUMAR BANSAL: Sir, maybe I fail to convey myself about the reason of promulgating the Ordinance, but I would like to reiterate the same point again. Any time, of course, the Government could have waited one more year to buy over the shares of Reserve Bank of India. There was no problem. But having taken that decision and having followed that procedure, they had the recommendations of Narsimhan Committee Report, the RBI helped and the process gone through. Had we waited, as it was said now, for a period beyond this, for instance if a bill were to be introduced now and then to be brought before the House, it could have been done. But what would that have entailed? An amount to the extent of Rs.35000 crores. would have to be paid by the Government of India to the Reserve Bank and the Reserve Bank could have then transferred annual

* Not recorded.

surplus only at the end of next year, that is, after 30th June, 2008. It means that for one year an amount of as much as Rs.35000 crores would have been held back... *(Interruptions)*...

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): It is clear. It was earlier also explained. ...*(Interruptions)*.. You are repeating. ...*(Interruptions)*...

SHRI PAWAN KUMAR BANSAL: The Government could have bought it. ... *(Interruptions)*...

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): It was also earlier explained. ...*(Interruptions)*... You go to the next question. ...*(Interruptions)*...

SHRI PAWAN KUMAR BANSAL: The Reserve Bank of India would have returned that amount only next year. ...*(Interruptions)*... This is a huge amount that none of you would like to be held back. ...*(Interruptions)*... The other important point that Shrimati Brinda Karat referred to was regarding Micro-Finance Bill and some opposition thereto. Sir, in a democracy there is a particular process which we also follow. The Bills are deliberated at length in the Standing Committee after introduction here and that is precisely the case of this Micro-Finance Bill. This Bill is now before the Standing Committee and the recommendations of the Standing Committee would be given due respect by the Government and thereafter only final decision would be taken as to what we will do about it. Sir, the next question is relating to deposits in the Self-Help Groups. Sir, the deposits in the Self-Help Groups attract the rate of interest of 6 per cent by the banks on their different term deposits and that rate of interest on the savings bank is 3.5 per cent at the moment. Banks are lending to the Self-Help Groups at a rate of interest ranging between 10-12 per cent ...*(Interruptions)*... Sir, I think, you would permit me now to complete. Sir, it is not for the entire period of a year or so that the self-help groups take loan from the banks. At times, it is for very short period and, therefore, they feel that proper productive use of that amount has been made, maybe by lending amongst themselves, or for any other productive activity. As I have said earlier, Sir, over 29 lakh Self-Help Groups today are functioning in the country and they have made a tangible difference in their lives.

Sir, about outsourcing, a point was raised and I would like to reiterate most humbly... *(Interruptions)*...

SHRIMATI BRINDA KARAT: How much profit have the banks made?

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): He has replied to your question...*(Interruptions)*... It is up to the Minister to reply to a particular point or not. I cannot compel the Minister ...*(Interruptions)*... Please, sit down.

SHRI PAWAN KUMAR BANSAL: Sir, banks are not permitted to outsource core functions. Now, which are these core functions? These are management functions, planning, investment decisions, credit appraisals, etc. There is a clear embargo on the banks. No bank can outsource any of these functions. There are other ancillary matters on which the bank thinks that by outsourcing that function, really some efficiency is brought in. If they were to engage some experts for that, it would cost them more. For any application, IT or otherwise, if they feel that a

particular work can be outsourced and they stand to gain in that process, I am sure, you would really not grudge on that.

Sir, there was a point made about Vidharbha district also. Hon. Member knows, it is not the banks which are responsible. Sir, it is the usurious loans which the people have raised from private moneylenders. And, the Government is making every effort in this direction. The Prime Minister's package for 31 districts is for everybody who has been impacted because of such loans. ...*(Interruptions)*...

SHRI VIJAY J. DARDA: Sir, his reply is not correct.

SHRI PAWAN KUMAR BANSAL: What has been waived ...*(Interruptions)*... महोदय, ऐसे कैसे चलेगा, अगर बार-बार बीच में ही बोलते जाएंगे। महोदय, कहाँ interest waive करना है, किस ऋण को restructure करना है, उसके बाद उनको और ऋण कैसे दिया जा सकता है ताकि फिर वह अपने जीवन को बेहतर बनाने की कोशिश कर सके ...*(व्यवधान)*....

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Please take your seat ...*(Interruptions)*... Let him finish. The Minister is not yielding.

SHRI PAWAN KUMAR BANSAL: Sir, I am ready to reply. Let any hon. Member refer any point to me, I will send a detailed reply to him after this. Let him write to me. I will reply to him.

Sir, the other point was regarding giving job on compassionate grounds. In view of a decision of the Supreme Court, the banks had to discontinue the old practice of giving jobs on compassionate grounds. Now, in lieu of the compassionate grounds, the banks are giving, *ex-gratia* compensation to the dependent people. They have a transparent formula, not a discriminatory formula. But, very recently, an amendment has been made in the model scheme, which is followed by different banks, that in certain cases, for instance, if a person dies resisting a bank robbery, resisting a dacoity, in some cases, banks will still consider giving a job on compassionate grounds. But, in all other cases, we will consider giving *ex-gratia* compensation for those people.

Finally, Sir, Shri Ekanath Thakur should not say that I have missed his point again. There is never any intention of the Government to legitimise any act which, we consider, does not fulfil the social objectives, or which works counter to the concept for which the public sector banks are there. Therefore, there is no question of legitimising any person charging higher rates of interest for certain people to be benefited otherwise.

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Now, the question is:

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

The motion was adopted.

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Now, we shall take up clause-by-clause consideration of the Bill.

Clauses 2-10 were added to the Bill.

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

SHRI PAWAN KUMAR BANSAL: Sir, I beg to move:

That the Bill be returned.

The question was put and the motion was adopted.

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Now, we shall have further discussion on the situation arising out of heavy floods in various parts of the country and the relief measures undertaken by the Government, which was raised by Shri Kalraj Mishra on 14th August, 2007.

On 14th August, Shri Moinul Hassan had not concluded his speech. So, he can now proceed.

SHORT DILATION DISCUSSION

The situation arising out of heavy floods in various parts of the country - *contd.*

SHRI MOINUL HASSAN (West Bengal): Mr. Vice-Chairman, Sir, I thank you for giving me this opportunity to speak on this issue. Sir, actually, I have forgotten at which point I was stopped while participating in the debate on 14th of August. So, I am starting right from the beginning of my speech.

[THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA) in the Chair]

Sir, actually, I was discussing about the flood situation in Kerala. Now, the situation has changed throughout the country. Sir, the Government submitted a report that ten States were flooded. But, at present, we can see that nearly fourteen States are flooded. I am coming to the flood situation in Kerala. In the first instance, primarily the estimated loss was to the tune of Rs. 1500 crores approximately. The affected people mainly included the agricultural labourers, plantation labourers and the fishermen. Many people have become jobless due to this situation. Sir, the Government of Kerala had requested to allot, at least, Rs. 635 crore in cash. As far as help in kind is concerned, the respective Ministry of the Government of Kerala had requested to allot 80,000 metric tonnes of rice and 20,000 metric tonnes of sugar at subsidised rates as an urgent measure to help them to face the calamity. Sir, one Central Team visited the State of Kerala, and, it was reported in a newspaper — I was very astonished to see it — that nearly Rs. 40 lakhs were spent for the tour programme of the Central Team but nothing additional assistance was granted for those who were affected by floods in the State of Kerala. Sir, I know that the Central Team is very much required to assess the situation but when lakhs and crores of people are suffering due to floods, what is the problem to grant additional assistance to the States.

Sir, on behalf of the State of Kerala, I demand that adequate measures should be taken immediately to save the common people of Kerala, the common citizens of