

Government. This project was sanctioned during the NDA Government. We are carrying on with it. This will give a good impetus to the automobile industry. Automobile industry is not facing problem. Those problems which were being faced will be overcome by the present Government. We are sure that we will be able to do better.

Tyre Corporation has one of the units in West Bengal. It is definitely in a good position now and I am sure, with the help of...*(Interruptions)*...

SHRI V. NARAYANASAMY: Only one unit is in good position. What about others?

SHRI SONTOSH MOHAN DEV: This unit which I am saying is in good position, is earning a good working capital because of your guidance and help. Thank you, Members of Parliament for that. There is no problem about it.

Sir, with these words, I would request the august House to pass the Bill.

THE VICE-CHAIRMAN (SHRI PRASANTA CHATTERJEE): The question is:

That the Bill to provide for disinvestment of Government's equity in the Tyre Corporation of India Limited and for matters connected therewith or incidental thereto, as passed by Lok Sabha, be taken into consideration.

The motion was adopted.

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

Clauses 2 to 6 were added to the Bill.

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

SHRI SONTOSH MOHAN DEV: Sir, I beg to move:

That the Bill be passed.

The question was put and the motion was adopted.

The Payment and Settlement Systems Bill, 2007

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

That the Bill to provide for the regulation and supervision of payment systems in India and to designate the Reserve Bank of India as the authority for that purpose and for matters connected therewith or incidental thereto, as passed by Lok Sabha, be taken into consideration.

Mr. Vice-Chairman, Sir, the payment system can broadly be understood as a mechanism that facilitates transfer of value between a payer and a beneficiary by which the payer discharges the payment obligations to the beneficiary. Sir, presently, there are diverse payment systems functioning in the country, ranging from the paper-based system, where the instruments are physically exchanged and settlements worked out manually, to the most sophisticated electronic fund transfer systems which are fully secured and settle transactions on a gross real time basis. They cater to both the low value retail payments and large value payments relating to the settlement of inter-bank money market,

Government securities and foreign exchange transactions. Currently, the RBI manages the Real Time Gross Settlement System. Systematically important large value payments are transacted and settled through the Real Time Gross Settlement System. The current predominant mode of fund settlement, Sir, is through a clearing process through 1068 clearing houses. RBI operates retail payment systems only in 4 metros, and in other cities and towns, the retail payment systems are owned and managed by SBI and other public sector banks. Cheques are cleared through these Clearing Houses. Member banks of a Clearing House enter into a contract with the Manager of the Clearing House which is usually a bank. Sir, the RBI also provides settlement services through its regional offices for clearing taking place at centres where RBI has a regional office. These are currently 14 in number. The Clearing Corporation of India Limited has been set up by banks and financial institutions in India as a central counter party and a specialised clearing organization for inter-bank government securities and foreign exchange transactions. The other payment systems, such as electronic clearing services, electronic fund transfers and card payment systems cater to various other needs. The credit and debit cards issued by banks, usually affiliated to either Visa or Master Card, these payment systems are owned and managed by the card issuing banks. The RBI Act does not empower the RBI to regulate entities like the Clearing Corporation of India Limited or the privately owned and managed Clearing Houses. RBI's authority at present is only moral authority as well as through its role as a regulator of the regulated entities such as banks which own and manage various payment systems. Recognising that in India, at present, there is no law which empowers the Central Bank to regulate and oversee the payment and settlement systems, the present piece of legislation, that is, the Payment and Settlement Systems Bill, 2006 was introduced in the Lok Sabha on 25th July, 2006. The Bill will empower the RBI to regulate and oversee the various payment and settlement systems in the country, including those operated by the non-banks like the CCIL, etc., through the umbrella organisation which is proposed to be set up. The Bill was introduced on the recommendations of the RBI. The Bill was then referred to the Parliamentary Standing Committee on Finance. The Standing Committee deliberated on the Bill at length. It made certain recommendations suggesting certain amendments on certain aspects and fine-tuning of the provisions of the Bill. The Government considered all those recommendations and I am happy to say that almost all the recommendations of the Standing Committee were accepted, and my senior colleague, the Finance Minister, moved amendments to that effect in the Lok Sabha. There were some concerns expressed by our friends about another provision regarding the new umbrella organisation, that is, the National Payments Corporation of India. An amendment was also then moved about that and accepted by the Lok Sabha that not less than 51 per cent of the shares of that Corporation or Company to be set up in the country would be owned by the public sector banks.

Sir, the Lok Sabha has passed that Bill. There was unanimous approval of the Bill after that amendment, and that Bill is before this House. Now, I commend that this Bill be taken into consideration.

The question was proposed.

THE VICE-CHAIRMAN (SHRI PRASANTA CHATTERJEE): Now, the discussion will start. Mr. S.S. Ahluwalia.

श्री एस एस अहलुवालिया (झारखंड): उपसभाध्यक्ष महोदय, मैं Payment and Settlement Systems Bill, 2007 पर बोलने के लिए खड़ा हुआ हूँ। महोदय, माननीय मंत्री जी ने अपने इंट्रोडक्टरी रिमार्क्स में ही कहा कि आज तक हमारे जो क्लीयरिंग हाउसिज़ थे, उसमें कोई कानूनी प्रावधान नहीं था, वे केवल बैंक्स एसोसिएशन

की अपनी एक अंडरस्टैंडिंग पर चलते थे।

महोदय, इस बिल के माध्यम से सरकार ने एक बहुत अच्छा कदम उठाया है, क्योंकि इसकी जरूरत और इसकी मांग बहुत दिनों से चल रही थी। पिछले दिनों, जब स्टॉक स्कैम पर ज्वाइंट पार्लियामेंटरी कमेटी गठित हुई, उस वक्त भी ऐसा ही एक झमेला सामने आया था, जहां पर देखा गया कि क्लीयरिंग कॉर्पोरेशन ऑफ इंडिया के टाइम कोऑपरेटिव बैंक्स के जो बैंक क्लीयर नहीं होने चाहिए थे, वे भी क्लीयर हुए। बैंकर्स एसोसिएशन में एक अंडरस्टैंडिंग, चार बैंकों के साथ मिल कर या उसके जो सदस्य होते हैं, उनके साथ मिल कर होती है, उनकी मिलीभगत से होती है। लेकिन आरबीआई एक्ट 1934 के सैक्शन 58 (2)(p) और (3)(p) पर यह प्रावधान है कि रूल्स एंड रेगुलेशन्स बनाए जाएं।

मैं समझता हूँ कि 80 के दशक में जब आरबीआई ने Magnetic Ink Character Recognition (MICR) based cheque Clearing Centre खोले थे, उसी वक्त यह कदम उठाया जाना चाहिए था। उसी वक्त इस चीज पर ध्यान दिया जाना चाहिए था, लेकिन उस समय सिर्फ यही नहीं किया गया। 80 के दशक में एम0आई0सी0आर0 सेन्टर्स खोले गए, जो कि मुम्बई, नई दिल्ली, चेन्नई तथा कोलकाता में खोले गए थे और 90 के दशक में इलेक्ट्रॉनिक क्लियरिंग सिस्टम तथा इलेक्ट्रॉनिक फंड ट्रांसफर सिस्टम का भी काम शुरू किया गया। ECS and EFT systems were also introduced. The RBI should have taken this revolutionary step, at that time, and should have brought this type of a Bill. Of course, we are late, but we are in the right direction. Apart from the Clearing Corporation of India, the RBI and the Government are contemplating a new corporation, that is, National Payments Corporation of India. They are bringing a new corporation where the shareholders will be the public sector banks. If you see the banking scenario in our country, over the last 17 years or so, you will find that there is a hell of a difference. The public sector banks have started learning things from private banks. Private banks were given Letter of Intent to start banks in the country. The Malhotra Committee recommended for computerisation in banks, which was opposed tooth and nail by all the unions. That is the reason why it could not be implemented and it delayed the process. But, simultaneously, the Government decided to give licenses to private banks and told them to bring a new technology. They have done so. But if you want to have ECS in any bank, it is not that the new National Payments Corporation of India will take care of everything. You have to use information technology and you must have a separate mother computer centre for the system. Today, if the cheque belongs to the same city, it can be cleared in one day. But if the cheque belongs to some other city, it takes two to three days, or, sometimes, it takes six to seven days. So, it affects the business. It affects both the payer and the receiver. So this Bill has been brought to take care of the interests of both. Now retail payment system also includes manual paper based clearing. Then magnetic ink character recognition clearing, electronic fund transfer system, card-based payment system, Government securities clearing, forex clearing, etc. are the things which are going to be handled by the Corporation. So far as card payments are concerned, certainly, it is between the cardholder and the bank which has issued the card. But I am on a different point. When we are thinking of bringing a revolutionary change in the banking system, why aren't we thinking of total reforms in RBI, as the Central Bank of England has done? They have done it. Similarly, India can also think about it. What we see is that any Finance Minister, who comes, thinks that the RBI is a holy cow. Nobody tries to touch it. Sir, I do not know whether it was fortunate or unfortunate; but I had served in two Joint Parliamentary Committees - one was to investigate the Securities Scam and another was for the Stock Market Scam. In both the cases, I found that the role of the RBI was not positive. Why is it so? What is the reason behind it? We have given them a structure which is very old. It was brought in 1934; time-to-time, we are bringing changes here and

there, in piecemeal. Why is it that we are not bringing an overall change? Make it at par with the present need. Now you are using the Bankers' Manual; the Banker's Books Evidence Act of 1891. Now, tell me in this era of ICT, how can the Banker's Books Evidence Act of 1891 be relevant? Our hon. Finance Minister is also one of the legal luminaries of our country. So, when we are talking about this Act of 1891, it is totally physical-base. And we are switching over to digital-base system. How to go about it? Do we need a change in this or not? And if we need a change, have we applied our mind on this or not? Now, the whole system, the bankers' transaction system, clearing system, everything will depend on the evidence, whether it is physical or digital. But I have not found anything which indicates to me that the Government is contemplating to bring such a Bill which will give a revolutionary change in RBI or the Bankers' Manual. Even the Bankers' Manual should be changed. Now, when you are going electronic — you want to bring everything electronic — you must train your people who can understand the digital language. I may be learned; I may be having a Ph.D. degree. But if I am not digitally literate, then, in the present days, I am called an illiterate. If my son is digitally literate, then, he is literate, but I am not. In the same way, a banker, whether he is a clerk or a cashier or an accountant, if he is not digitally literate, he cannot be a good banker because we are ultimately reaching an era when they need to use digital signature for check clearance, etc. Now, what is e-banking? E-banking is totally password based, with electronic, digital signature, where you do not need the MICR. Now are we going to bring that type of technology? The other day, the Finance Minister was telling the House that in the next five years, everybody in the country would have a bank account and a passbook. Whether or not a person has a PAN, he will have a bank account. Now are we going to evolve a system, which will be MICR-based or will it be digital-based? We have to think about it. That issue is not addressed in this Bill. Today, to bring about a small change, we are bringing in a Bill. It may not be a necessity for India today. But it is a necessity for foreign investors; they need it. The other day I saw that a number of foreign banks got the permission because, as I understand it, we had given an undertaking in the WTO that every year each foreign bank will be given the permission to open, at least, four new branches. If I am wrong, you can correct me, Sir. But, as I understand it, Sir, we have given that undertaking, in writing, in the WTO that we will give permission to foreign banks to open new branches. And, I am not talking about the new banks. There are about 34 foreign banks functioning in our country; they are more than our nationalised banks.

SHRI PAWAN KUMAR BANSAL: If I may just intervene, Sir, we permit a total of 12 new branches of foreign banks; in all, 12 branches.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Per year. That is the commitment; 12 for foreign banks in one year.

SHRI S. S. AHLUWALIA: But, in recent months, I have come across instances where foreign banks are very eager to open branches in rural areas, especially rural districts of Maharashtra, Karnataka, Tamil Nadu and so on. I do not know the secret behind it. Maybe, it is the transactions in that area. They are in retail banking. They want to do retail banking in these areas. They got the permission for this. Some people have opened but some others are a little hesitant because of the recent guidelines issued by the RBI about the recovery of loans. Sir, Section 138 was amended to provide that when a cheque bounces or gets dishonoured, there will be a criminal case against the person. Now, here also, we are bringing in clause 25(1) regarding bouncing or dishonour of cheques. It says that the dishonour of electronic fund transfer due to insufficiency of funds carries a maximum punishment of imprisonment for two years and fine up to twice the amount of transfer; anyone operating a settlement system without authorisation may be in prison for

a period between one month and ten years and fined up to Rs. 1 crore. Anyone providing false information may be imprisoned for a period up to three years and fined for an amount between Rs. 10 and Rs. 50 lakhs; failure to furnish information or return carries a fine of Rs. 10 lakhs.

Now, these are applicable to a person who signs the cheque or to a person who is participating in the clearing system. This is not clear to me. I would request that the hon. Minister, while replying to the debate, should elaborate on this aspect. But, I am of the opinion that it is a good step. But, still, we have to do a lot more in this field. I shall be grateful if the hon. Minister could address the concern I have expressed about the basic infrastructure required for clearing, about switching over from MICR to the digital base, and so on.

SHRI JESUDASU SEELAM (Andhra Pradesh): Mr. Vice-Chairman, Sir, I stand here to support the Bill moved by the hon. Finance Minister. Sir, this Bill provides for regulation and supervision of payment systems in India and to designate the RBI as the authority for that purpose. Sir, this Bill has already been passed by the Lok Sabha. Sir, as my colleague, Shri Ahluwaliaji was mentioning, it is a part of the process of facilitating the transparent way of payment systems in India. I welcome this. I must congratulate the hon. Finance Minister for going-head with this reform. Sir, the question is, why should we bring this Bill at this stage? As the hon. Members are aware, the present system is very, very elementary and rudimentary. When I go to a bank, I give a cheque and take the cash. It is very simple. But, when I get some payment, I have to present it to my banker. Then, he presents it to the clearing house. It is an elementary system. But, as we see, Sir, there is a huge middle class growth and a lot of money is being transacted in banks. Shri Ahluwaliaji has acknowledged the fact that the bankers, especially from other countries are showing more and more interest in retail banking. So, consumerism is on the high. The transaction volumes are very high. This system was okay when the volume was low. But, now, India is on the upswing, especially the growth of income of the new middle class is necessitating improvement in the system. Other than that, Sir, we also have the new players. As mentioned by Shri Ahluwaliaji, a lot of new players have come into the system. As mentioned by Shri Ahluwaliaji, another drawback of the present system is, there is no finality of settlements. Suppose, I have some commitments, I assume that the money will come back to me but due to some reasons it does not come to me. The association of private bankers is being done on a contract system, the clearing house system, they are all on voluntary basis. So, all these factors necessitated the process of regulation. So, this is what the Standing Committee also recommended that there is a need for regularisation. Hence, this Bill was brought.

Sir, Shri Ahluwaliaji was mentioning as to why the functioning of the RBI should not be looked into very closely and some reforms should also be effected there. I think, this process also makes the RBI to look at its own functioning. Now, the RBI's new wing will be concentrating on the regularisation part, apart from its core function of operations. I think, it is partly reform in the RBI system itself. I appreciate the fact that the hon. Member has mentioned the various provisions of the Bill as to how to effect this regularisation through the National Corporation where the shareholders are different banks proportional to their volume of transaction, and of course, majority of the shares will be in the public sector. The hon. Member has mentioned all these things.

Sir, I would like to highlight one point that this Bill provides the RBI with a regulatory oversight function which was overdue. This Bill encompasses all types of payment and settlement systems in the country, and that will empower the RBI to grant authorisation. Sir, those provisions are very clearly dealt with in this Bill. There are various systems of authorisations. There is provision for proper scrutiny of application made by the members; there is the provision for enquiry. The RBI can even refuse the authorisation. Then, there is the detailed system about penalties. It has been enumerated that classification could be made, I think, he has raised a very important point. This Bill will meet the required regularisation as has been mentioned by the committee headed by Shri R.H. Patil; among other things, the committee recommended that we need a well-founded, clear and transparent legal basis for all the payment and settlement systems in India. It also is in tune with the ongoings in other countries where such a law existed. I think, we should be in tune with the developments elsewhere. Sir, this is also one of the major elements, as I was mentioning, of the RBI's dual functioning of looking after its own operations and also of a separate wing to look after the regulatory functioning.

I think, Sir, this Bill is very much required. The reasons for delay are mentioned. It is good that at least we have started looking at it in a very, very mature way. I welcome this Bill and I, once again, congratulate the hon. Minister for bringing in this Bill. I support this Bill, thank you.

श्री बनवारी लाल कंछल (उत्तर प्रदेश) : उपसभाध्यक्ष महोदय, आपने मुझे इस महत्वपूर्ण विधेयक पर चर्चा करने का अवसर दिया है, इसके लिए मैं आपका आभार व्यक्त करता हूँ। सबसे पहले मैं अपने सम्मानित वित्त मंत्री, श्री चिदम्बरम साहब को धन्यवाद देना चाहता हूँ कि उन्होंने संदाय और निपटान प्रणाली में व्यापक सुधार करने के लिए यह जो विधेयक प्रस्तुत किया है, इससे निश्चित रूप से इसमें सुधार होगा और इसलिए वे धन्यवाद के पात्र हैं।

उपसभाध्यक्ष महोदय, भारतवर्ष में विनिमयन की प्रणाली बहुत पुराने समय से चली आ रही है। सबसे पहले हमारे देश में अनाज, विनिमय का साधन हुआ करता था, इसके बाद सिक्कों ने उसका स्थान लिया, फिर नोटों की प्रणाली आई और अब चैक, ड्रॉफ्ट और क्रेडिट नोट के माध्यम से भुगतान किए जा रहे हैं, भुगतान लिए दिए जा रहे हैं। इस प्रकार यह प्रणाली हमारे देश में बहुत ही पुरानी प्रणाली है। आज वित्त समिति की सिफारिशों के बाद यह जो विधेयक आया है, उनकी सिफारिशों को इसमें समाहित करते हुए माननीय वित्त मंत्री जी ने एक व्यापक विधेयक रखा है, मैं इसके बारे में अपने कुछ छोटे-छोटे सुझाव प्रस्तुत करना चाहता हूँ। सबसे पहले तो यह बिल केवल बैंकिंग सिस्टम के अंतर्गत जो रजिस्टर्ड संस्थाएं हैं, उन्हीं पर लागू होगा - जैसे वित्तीय बैंक, सहकारी बैंक, राष्ट्रीकृत एवं प्राइवेट बैंक आदि, लेकिन इसमें संदाय और निपटान का उद्देश्य पूरा नहीं होता है। इस कानून की सीमा में कमोडिटी एक्सचेंज, स्टॉक एक्सचेंज, गिरवी गांठ का काम करने वाले सराफ, अन्य एक्सचेंज, क्रेडिट कार्ड, प्रॉमिसरी लेन-देन एवं किसी भी प्रकार का लेन-देन करने वालों को अवश्य शामिल किया जाना चाहिए, क्योंकि स्टॉक एक्सचेंज और कमोडिटी एक्सचेंज भी लेन-देन का काम करता है और भुगतान का काम करता है। इस कानून की सीमा में उनको शामिल नहीं किया गया है। हो सकता है कि मैं सही न कह रहा होऊँ, तो माननीय वित्त मंत्री जी हमारी शंकाओं का समाधान कर देंगे।

एक बात मैं और कहना चाहता हूँ कि विलयरिंग के दौरान बहुत से चैक गायब हो जाते हैं। जैसे आज तमाम माफिया हैं, उसी प्रकार से आज बहुत से बैंक माफिया भी पैदा हो गए हैं और चैकों में हेर-फेर करके फर्जी भुगतान कराने में वे सफल हो जाते हैं। जब इतना बड़ा सुधार हम बैंकिंग प्रणाली में ला रहे हैं, तो यह भी सुधार करना चाहिए कि जो लोग इस प्रकार से चैक गायब कराकर, बैंकों से भुगतान प्राप्त कर लेते हैं, उनके खिलाफ सख्त से सख्त कार्यवाही करने की व्यवस्था इस कानून में रखी जाए।

उपसभाध्यक्ष महोदय, बैंकों की भुगतान व्यवस्था में पर्याप्त सुधार की आवश्यकता है। अगर एक देनदार, दूसरे लेनदार को पैक देता है और वह किसी दूसरे बैंक का है, तो दो बैंकों का कमीशन देना पड़ता है और 15-15 दिन, एक-एक महीना, दो-दो महीने उन बैंकों की क्लियरिंग में लग जाते हैं। जब हम बैंकों की व्यवस्था में सुधार कर रहे हैं, तो यह डबल कमीशन की व्यवस्था नहीं होनी चाहिए। और समय कम से कम लगे ताकि किसी को नुकसान न हो, आर्थिक नुकसान भी न हो, कमीशन का भी नुकसान न हो, इसमें हमें सुधार करना चाहिए। इस बिल की अध्याय दो की धारा तीन की उप-धारा दो में एक बोर्ड गठन हेतु नियम बनाया गया है, इस बोर्ड में रिजर्व बैंक का गवर्नर, उप गवर्नर और रिजर्व बैंक के केन्द्रीय बोर्ड से तीन शामिल कर, पांच का बोर्ड गठन करने का नियम बनाया गया है। मेरा सुझाव है कि यदि बोर्ड में एक लोक सभा के मेम्बर को और एक राज्य सभा के मेम्बर को रख लिया जाए, चूंकि वे जन प्रतिनिधि होंगे, इसलिए वे जनता की बातों को अच्छी तरीके से कह सकेंगे, समझा सकेंगे, इसलिए ज्यादा उचित होगा कि पांच की जगह सात का बोर्ड गठन कर लिया जाए, तो मैं समझता हूँ कि बहुत ही उचित होगा।

मैं थोड़े से एक-दो सुझाव और देना चाहता हूँ, एक तो शोधन गृहों की संख्या हमारे यहां 1068 है, इसमें वृद्धि की जानी चाहिए, क्योंकि शोधन गृहों की कमी के कारण क्लीयरिंग में कभी-कभी बड़ी दिक्कतें आ जाती हैं, इसलिए इनको बढ़ाने की मान्यवर वित्त मंत्री जी जरूरत है। अभी हम वाणिज्य कमिटी के दौरे पर गए, तो यहां पर हमें ज्यादा शिकायतें मिली कि "प्रधान मंत्री रोजगार योजना" में लोन नहीं मिल पाता है और जब हम लोगों, कांशीराम राणा जी तथा हमारे और सदस्यों ने पूछा, तो उन्होंने कहा, साहब, एक नियम है कि जो कक्षा आठ पास होगा, उसी को "प्रधान मंत्री रोजगार योजना" के अंतर्गत लोन मिलेगा। अब गांवों में जो काश्तकारी का काम करने वाले हैं, दस्तकारी का काम करने वाले हैं, जूते-चप्पल बनाने वाले हैं, अनुसूचित जाति के लोग कक्षा आठ पास नहीं हैं, मान्यवर वित्त मंत्री जी, मैं आपसे अनुरोध करूंगा कि कानून में ऐसा सुधार कर दीजिए कि जो "प्रधान मंत्री रोजगार योजना" है, उसमें कम से कम सभी गरीब लोगों को लोन मिल जाए और वह लोन भी कितना होते हैं, पच्चीस हजार, पचास हजार, दस हजार, एक लाख, ज्यादा से ज्यादा एक लाख तक का उसमें लोन होता है, तो कक्षा आठ का नियम अगर आप उसमें से निकाल दें तो जो गरीब लोग हैं, उनको भी लोन मिलने लग जाएगा। हम लोग उनसे वायदा करके आए हैं कि हम लोग माननीय वित्त मंत्री जी से अनुरोध करेंगे कि इस नियम में थोड़ा सुधार कर दिया जाए।

मान्यवर, जो लोग बैंक लोन के माध्यम से गाड़ियां खरीदते हैं और यदि किन्हीं कारणों से एक-दो किस्ते जमा नहीं हो पाती हैं तो हमारे बैंक के लोग माफियाओं को गाड़ी खिंचवाने के लिए ठेका दे देते हैं। मान्यवर वित्त मंत्री जी माफियाओं को गाड़ी खिंचवाने के लिए ठेका दे दिया जाता है, हाई कोर्ट ने भी अभी इसमें पाबंदी लगाई है। आप कम से कम रिजर्व बैंक के माध्यम से और अन्य बैंकों के माध्यम से ऐसा कुछ कीजिए, ताकि बैंकों की यह गुंडागर्दी न चले। कानून के जरिए, कोर्ट के जरिए आप उनकी गाड़ियों को मंगवा सकते हैं, आप उनका घर नीलाम कर सकते हैं, आप उनकी संपत्ति जब्त कर सकते हैं, हमारे एक्ट में तमाम कायदे-कानून हैं, पर यह गाड़ी खिंचवाने का काम मत कीजिए।

उपसभाध्यक्ष महोदय, मैं आपके माध्यम से माननीय वित्त मंत्री जी से एक अनुरोध और करूंगा, हमारे सांसदों का जितना अवमूल्यन बैंकों ने किया, इस देश में किसी ने उतना अवमूल्यन नहीं किया है। अगर हम गाड़ी खरीदने के लिए जाएं, जीवन में हम पहली बार गाड़ी खरीदने के लिए बैंक लोन लेने के लिए गए, जब उनको पता चला कि यह राज्य सभा के सदस्य हैं तो उन्होंने साफ मना कर दिया। हमने कहा कि आपके पास बैंक का कोई लिखित है, तो उन्होंने कहा, साहब, मौखिक आदेश है, हम आपको लोन नहीं दे सकते हैं। अगर एक-दो सांसद ने लोन अदा नहीं किया है, या एक-दो सांसद किस्ते जमा नहीं कर पाया है तो इसका मतलब यह नहीं है कि सारे सांसद बेइमान हैं, आठ सौ के आठ सौ सांसद बेइमान हैं, इसलिए बैंकों के माध्यम से यह जो हमारा अपमान किया जा रहा है, मान्यवर, इसको लिख करके सख्ती के साथ इसमें संशोधन कराइए, ताकि सांसदों का अपमान न हो, सांसद को भी लोन मिल सके। जो जन सुविधाएं आप आम नागरिक को दे रहे हैं, वही जन सुविधाएं हमको भी मिलनी चाहिए, हमको भी गाड़ी खरीदने के लिए बैंक लोन मिलना चाहिए, ऐसी व्यवस्था आप जरूर कराइए।

अब मैं चाहता हूँ कि बैंकों की मनमानी पर भी आप रोक लगाइए। जब आप बैंकों के ऊपर कानून ला रहे हैं तो एक कानून और लाएं। बैंक जब चाहे, तब अपनी ड्राफ्ट कमीशन की दरें बढ़ा लेती है, फोलियो के रेट में जब चाहे तब वृद्धि कर लेती है, ग्राहकों से एक-एक पन्ने का पैसा वसूला जाता है, ब्याज दर अलग बैंकों की अलग-अलग है, स्टेट बैंक का अलग है, पंजाब नेशनल बैंक का अलग है, सीसीआई बैंक का अलग है, एफडीआई की दर अलग है और लोन देने की दर अलग है। कहते कुछ हैं, करते कुछ हैं। कहते हैं कि विज्ञापन छपेगा कि हम दस परसेंट पर लोन देंगे और जब हम लोन लेने जाते हैं तो इश्योरेंस चार्ज, फोलियो चार्ज, इंस्पेक्शन चार्ज और तमाम दुनिया भर के चार्ज जोड़ करके, दस परसेंट का विज्ञापन होता है और बारह परसेंट, तेरह परसेंट में हमें, आम नागरिक, को वह लोन पड़ता है। बैंकों के माध्यम से इस प्रकार का झूठ का प्रचलन बंद होना चाहिए। अगर विज्ञापन निकालते हैं कि दस परसेंट में लोन मिलेगा तो सारे खर्चे जोड़ कर दस परसेंट पर लोन मिलना चाहिए, यह नहीं कि खर्चा अलग और विज्ञापन का रेट अलग हो। इसी प्रकार करंट अकाउंट में एक निश्चित धनराशि जमा करने के लिए बाध्य किया जाता है। किसी को कहा जाता है कि आप 25 हजार रुपए जमा करोगे तो हम करंट अकाउंट खोलेंगे, किसी को कहा जाता है, 5 हजार रुपए जमा करोगे, तब करंट अकाउंट खोलेंगे। इस प्रकार की मनमानी पर अंकुश लगाया जाना चाहिए। इसी प्रकार क्लीयरिंग की दरों में मनमानी वृद्धि कर लेते हैं। बैंक लोन लेने वाले व्यावसायिक प्रतिष्ठानों से मनमाने चार्ज वसूल किए जाते हैं। उन्होंने तमाम चार्जिज लगा दिए हैं। इसी तरह नोटों की गिनती पर शुल्क लगाया जा रहा है। अगर हम पांच लाख रुपए लेकर जाएं तो हमें उस पर शुल्क देना पड़ेगा, तब नोट जमा करेंगे, नहीं तो पांच लाख रुपये बैंक वाले नहीं लेंगे। कई बार कह देते हैं कि हमारे चेस में बहुत पैसा इकट्ठा हो गया है इसलिए आज हम पैसा नहीं लेंगे। अगर हम दस के नोट लेकर जाएं तो दस के नोट जमा नहीं करेंगे, बीस के नोट लेकर जाएं तो बीस के नोट जमा नहीं करेंगे। मान लीजिए मैं अपना तकाजा लेने के लिए बंगलौर जा रहा हूँ। वहां से मुझे दो लाख रुपया मिल गया। मैं उसे नकद नहीं लाना चाहता। हमारे वित्त मंत्री जी नकद के बहुत खिलाफ हैं, नकद रुपया निकालने पर भी उन्होंने टैक्स लगा दिया है। हम चाहते हैं कि कम से कम वह टैक्स आप खत्म कर दें। आम आदमी, गरीब आदमी दस हजार रुपया बैंक से निकालना चाहता है, पचास हजार रुपया निकालना चाहता है तो उस पर टैक्स न लगाएं। अगर एक लाख रुपये भी निकालना चाहता है तो उस पर टैक्स न लगाएं। अगर बंगलौर में मैं किसी बैंक में ड्राफ्ट बनवाना चाहता हूँ तो बैंक कहता है, चूंकि आपका खाता नहीं है इसलिए हम आपका ड्राफ्ट नहीं बनाएंगे। ड्राफ्ट न बन पाने के कारण रास्ते में रुपया लुट जाता है तो कानून और व्यवस्था की स्थिति खराब होती है। केन्द्र सरकार को भी जवाब देना पड़ता है और प्रदेश सरकार को भी जवाब देना पड़ता है। इस प्रकार जो बैंकों की मनमानियां हैं, वह समाप्त होनी चाहिए। वित्त मंत्री महोदय, आप जो विधेयक लाए हैं, मैं इसका पूर्ण समर्थन करता हूँ और मैं आपकी प्रशंसा करता हूँ कि आप इतना अच्छा विधेयक लेकर आए हैं, लेकिन मैं आपसे अनुरोध करता हूँ कि जितनी मनमानियां बैंकों की हैं, उन पर रोक लगाने के लिए भी आप एक विधेयक और लेकर आएँ। बैंक रिजर्व बैंक के नियमानुसार काम करें, सारे बैंकों के एक नियम हों, कंपिटिशन में अलग-अलग नियम न हों - इन्हीं बातों के साथ मैं आपको अपनी तथा अपनी पार्टी की तरफ से पुनः धन्यवाद देता हूँ। मुझे पूरा विश्वास है कि जो बातें मैंने कही हैं, उनका आप संज्ञान जरूर लेंगे और उसमें सुधार करने की कृपा करेंगे। धन्यवाद।

SHRI TAPAN KUMAR SEN (West Bengal): Sir, I rise to speak on The Payment and Settlement Systems Bill, 2007 and please forgive me if I play a bit of a different tune.

SHRI V. NARAYANASAMY (Puducherry): Kindly play the same tune. Why do you play a different tune?

SHRI TAPAN KUMAR SEN: Don't worry. One of the objectives of the Bill as per the statement of objects and reasons is to give the clearing-house a legal entity and empowering RBI effectively with regulatory powers. My understanding — that maybe a different tune — is that that job can very well be done by suitably amending the statute pertaining to the central Bank of the country, the RBI Act, 1934. Hon. Minister has stated and explained that it would have been a cumbersome exercise with mushrooming clauses, sub-clauses.

You have kindly explained in the other House also that this law involved introduction of 38 sections which cannot be accommodated within the RBI Act. It is also argued that concepts like “netting and settlement finality” cannot be accommodated within the RBI Act, which are the requirements for the new system. The other view is that all the aspects of this Bill except the authorisation of corporation related ones can very well be accommodated in the framework of RBI Act through proper amendment of Section 17 (b) and Section 58 of the RBI Act, 1934 as advised by the Advisory Group on Payment and Settlement Systems set up by the Reserve Bank in 2000 and by incorporating a separate chapter in the Act as has been done in the case of Non-Banking Financial Companies. These issues are required to be clarified and I request the same. Sir, the other basic objective, as I understand, is to facilitate offloading of the clearing and retail payment system to a new corporation, i.e. the NPCI which is being formed and keeping the regulatory and supervisory functions with the RBI. Then the question arises whether assigning those functions to a new corporation is so urgent. Serious differences in perception exist in these areas and one of the concepts is whether the regulator can be the service provider. Dr. R. H. Patil Committee, as referred to by the hon. Minister, has recommended that regulator cannot be the service provider and the proponents of this concept refer to ‘core principle’ as insisted by the Bank for International Settlements. In this context, Sir, I would like to draw your attention that several documents of Bank for International Settlements do not indicate or for that matter recommend any universal practice in this matter. And, the role of the Central Banks in different countries in this regard i.e., in the matter of separation of the regulatory and service roles, entity-wise, does not demonstrate any universality as such. Where the countries like the UK, France, Australia, Japan are examples having separate entities for regulatory and servicing functions, there are kicking examples as well of the USA, Germany, China, Brazil, etc., where the Central Banks have been functioning jolly well both as regulator and supervisor as also service provider. So, what is the basic reason for adopting a separatist approach in India? Why should we go in for the former one i.e., separating regulatory and servicing role. Why should we not adopt the second role? This also requires a clarification from the hon. Minister. At least, the grass-root level experience of the RBI in the area of payment and settlement system does not endorse the reason for adopting a separatist approach. The RBI’s own document — The Review of Payment and Settlement System in India 2006-07 — recorded an impressive role, continuous improvement in the operation of the RBI in these areas of payment and settlement system, particularly at a time when the whole thing is undergoing technological upgradation, comparable to the best international standards and geographical expansion reaching rural banking through district network connectivity and handling of newer and newer products. So, the review of Payment and Settlement System published by the RBI has also confirms this kind of continuous improvement in this particular area. So, I think, this also does not justify the separation of servicing and regulatory functions.

I definitely admit the need for giving the clearing system a legal entity. That is a must in the expanding financial system in our country. Definitely, I admit this. But, my humble question is, why is there a need for giving this in the form of a corporation? Can that be the only option? To my understanding, a corporation formed under the Company’s Act, with its equity owned by different entities, including the private sector banks howsoever minority-holding that may be, can definitely assert or arrogate autonomy from the main institution of the monetary governance of the country i.e., RBI, even remaining under its regulatory framework. Is that warranted or congenial for the operation of payment and settlement

systems which is the backbone of the financial system of the country as has been observed and noted in the Statement of Objects and Reasons of the Bill, then such a crucial instrument of governing the financial system must be owned by the main institution of financial governance and should not be de-linked as a separate entity as in the case of operation through a corporation. The other workable option could have been formation of a separate statutory board or authority for the purpose, wholly owned by and under absolute control of the regulator institution i.e., the RBI.

Hence, the Bill assigning non-bank corporations the clearing and retail payment system-related functions is not conceived out of purely functional necessity but to promote a different system envisioned upon by different philosophy and approach. Let me not debate on that. In those areas of the philosophical overtone of economic and financial policy matters, different perceptions are destined to remain unresolved for some time. I am not going into that. But, definitely, I would like to draw the attention of the observation of the Advisory Group set up on the Payment and Settlement System by the RBI itself which contradicts with this basic concept. The Report of the Advisory Group, while deliberating on whether non-banks could be given access to settlement facility on the books of the RBI, noted in Part-II of its Report in December, 2000, 'In this regard, it feels that only banks could be granted such facility, and any non-bank wishing to avail of such facility should convert itself, at least, to become a limited purpose bank.' Whether the present dispensation being experimented through this Bill is not contradicting with this observation of the Advisory Group set up by the RBI.

Secondly, Sir, there are certain serious apprehensions which needs to be addressed. One apprehension is regarding maintenance of secrecy and confidentiality which are of crucial importance for payment system operation in the new arrangement of corporatised operation vis-a-vis present operation by the RBI and public sector banks.

The second apprehension is about the character of ownership and control of the corporations registered under Company's Act which are going to be assigned with such functions as are 'backbone of the financial system of a country'. No doubt, the official amendment moved by the hon. Finance Minister, and that has now become a part of the Bill, which we have taken up, is quite assuring that the corporations stipulate not less than 51 per cent equity holding by public sector banks in the newly formed corporations. That has been done. It is quite assuring. You have also stated in the other House, if I have correctly understood, that in the NPCI, public sector banks will always have 60-65-70 per cent shares. No doubt, it is also more assuring, but for the time being. Let me express my apprehension, even running the risk of being ridiculed or laughed at, that it is quite difficult to overlook that operations once corporatised. It moves, at least, one step ahead towards the track of disinvestment and privatisation in the environment where the obsession for disinvestment and privatisation rules the economic policy regime. So, naturally, I think, my apprehensions are genuine. And, I will be the happiest person if I am proved wrong in this regard.

The third one is on the employees, both of the RBI and other public sector banks, working in clearing and retail payment and settlement systems throughout the country. I tried to follow the speech of both the rounds of the hon. Finance Minister in the other House. At present, the retail payment and settlement services, in four metropolitan cities, are being rendered by the RBI, and in other 1068 places by other public sector banks. The employees of the respective banks are deployed on those jobs. As I understand, these 1068 units will, not immediately but over a period of time, come under the National Payment

Corporation of India, having been licensed by the Reserve Bank.

My query is specific. Number one, whether the RBI will continue to operate the retail payment system in the four metropolitan cities and other places after the commencement of this Act, as it has been doing now. Number two, will the new corporation formed be wholly manned by the same workforce now engaged in the jobs and functions going to be taken over by the corporations? If so, whether that workforce will continue to be treated at not below par with the employees of the RBI and other public sector banks, as the case may be, in terms of their rights and service conditions.

These apprehensions of redundancy are quite natural in the present background when the manpower is going down very steeply in the entire banking system and the outsourcing is going on in several banking system operations. So, I beg that these apprehensions be removed. I must admit, hon. Finance Minister presented the matter, in the other House, in quite an assuring manner, if I have correctly understood, which says that: One, the RBI will continue to provide clearing services in 14 centres, including four metros even after operationalisation of this Act; two, in rest of the 1068 centres of clearing houses hitherto, being managed by the CCIL, the State Bank of India and other public sector banks, will continue to be managed by them only even after the operationalisation of this enactment except that they will be under a regulatory regime under the RBI. (Interruptions)

THE VICE-CHAIRMAN (SHRI PRASANTA CHATTERJEE): Mr. Sen, your time is over. Please conclude. (Interruptions)

SHRI TAPAN KUMAR SEN: I am just concluding, Sir. Regulatory regime under the RBI is a very important thing, particularly for the employees. And, I basically represent them. Does that mean that the NPCI will be wholly manned by the same agencies, that is, the RBI, the SBI, and the public sector banks in respective places of operation? I request a confirmation on my understanding about the assurance already given by the hon. Finance Minister in the other House, as I have just narrated. Rather, based on that, I have already moved two small clarificatory amendments because, as I understand, the language of clause 4(2) does not capture wholly the assurance given by the hon. Finance Minister. So, I have given this small clarificatory to amendments. And, I request you to please consider this.

Lastly, I would like to draw the attention of the hon. Minister to one specific recommendation of the Standing Committee on Finance, as made in its fifty-sixth report, which says that upon considering the reservations of various sectors on this specific initiative, as highlighted in the narrative part of the report, the Committee feels it essential, on the part of the Government, to hold wider and in-depth consultations on the entire gamut of issues, relating to the proposed company and try to evolve a consensus on the proposal.

SHRI D. RAJA (Tamil Nadu): Mr. Vice-Chairman, Sir, I will be very brief because my previous speaker covered vast ground. While supporting this Bill, I would like to make a few points for the consideration of the Finance Minister and the Government. I strongly believe that the finance sector reform does not mean weakening the Reserve Bank of India, which is, obviously, the central bank of our country, or, weakening the nationalised or public sector banks. Now, the proposed corporation will have 51 per cent equity held by the public sector banks. It is not a question of percentages; it is a question of policy. I am of the view that public sector is the strength of our economy. Any attempt or any intention to weaken the public sector, particularly, the finance sector; the public sector banks, the Reserve Bank,

will not be in our interest in the coming days. Having said this, I must ask a few clarifications or questions. What will be the role of the Reserve Bank of India as a central bank? What will be the role of the Reserve Bank? The Reserve Bank has certain definite functions. Right now, the retail payment system, the transactions relating to retail payments, settlements of the cheques and other instruments are operated by the Reserve Bank of India, the State Bank of India and other public sector banks in various places. There are more than thousand such clearing houses throughout the country managed by the Reserve Bank, the State Bank of India and other public sector banks. The retail payment system covers manual exchange of cheques, exchange of magnetic ink character recognition; MICR cheques, national clearing on inter-station cheques, electronic clearing, electronic funds transactions and RTGS. Now, there are people working in all these centres. What will happen to these people in the coming days? Will it have any adverse impact on the labour force presently employed in the Reserve Bank, the State Bank of India and other banks? The Reserve Bank has got a regulatory role. It has not only a service provider role, it has a regulatory role. What is exactly the regulatory role? The Reserve Bank should take many preventive and curative measures to regulate and see that the banks function efficiently. In the past, we have seen many private sector banks have collapsed. Starting from Global Trust to Lord Krishna, several banks collapsed. The Reserve Bank of India, finally, had to give death certificates instead of saving those banks or correcting those banks. So, exactly, what will be the role of the Reserve Bank of India in the coming days? What will be the role of the Reserve Bank in directing the policy positions of the Government? We are saying that credit must be stepped up in agriculture. Whereas, what percentage are the banks giving to them? This is where I find that the Reserve Bank of India has a role. The Reserve Bank cannot be an institution above criticism or the Reserve Bank of India cannot be a spectator. It cannot give up its functions in the coming days.

THE VICE-CHAIRMAN (SHRI PRASANTA CHATTERJEE): Please conclude now.

SHRI D. RAJA: Therefore, I think, the Government has a responsibility to see that our central bank does perform its duty according to the law of the land. And, I, strongly, believe the proposed Corporation should not be a step towards further weakening of our finance sector institutions. This is what I have to say in the given time. Thank you.

SHRI SITARAM YECHURY: Mr. Vice-Chairman, I have to seek some clarifications.

THE VICE-CHAIRMAN (SHRI PRASANTA CHATTERJEE): After the Minister's reply, you can seek your clarifications. Or, do you want now?

SHRI SITARAM YECHURY: Sir, please allow me.

SHRI P. CHIDAMBARAM: Please.

THE VICE-CHAIRMAN (SHRI PRASANTA CHATTERJEE): Okay.

SHRI SITARAM YECHURY (West Bengal): Mr. Vice-Chairman, Sir, I thank you and the hon. Minister for having allowed me to seek these clarifications. I want to raise only one important matter because my Party's viewpoint has already been articulated adequately by my colleague, Shri Tapan Kumar Sen. Sir, I just want to know, through you, from the hon. Minister: (a) after the operationalisation of the Act, will the RBI continue to operate retail payment systems and clearing houses in the four metros and other places as they

are doing today? (b) Whether the manpower for the new institution that will be created, the NPCI, will be provided from the RBI and other PSU Banks in their respective places of their operations. We will be very happy and satisfied if both these issues are clarified. Thank you.

SHRI P. CHIDAMBARAM: Mr. Vice-Chairman, Sir, I am grateful to the hon. Members who broadly supported the Bill and have also raised a number of pertinent issues, which, I think, deserve to be clarified. Sir, hon. Members have said, there is multiplicity of payment systems today. The one that we are familiar with is the paper exchange payment system, MICR, and now RTGS. But there are other payment systems that have come into being over the years. These are : payment systems involving foreign exchange transactions, payment systems involving electronic fund transfers, and now, a payment system for credit card payments and debit card payments. Though the netting and settlement of liabilities and obligations under these systems are being done by different agencies, there is no law to licence these system providers and there is no statutory basis to regulate these system providers. In fact, I may take hon. Members into confidence and say that another payment system is in the offing, that is, Mobile Telephony Payment System where you can authorise payment by sending a message on mobile telephone, that will be acknowledged and payment will be made on the basis of that. That, again, will have to be regulated because the telephone company will also be part of that payment system. Therefore, it is very important to have a stand-alone comprehensive law regulating the payment system. This is the answer to comrade Tapan's question. Well, I can't introduce all these changes into various sections of the RBI Act; the RBI Act will become as bad as the Income-Tax Act. You will have to add a number of sections like (a), (ab), (ac), and that is not the way you can read an Act. If somebody wants to understand what the payment system is, then he has to go into different sections of the RBI Act.

SHRI SITARAM YECHURY: Are you simplifying the Income-Tax Act also?

SHRI P. CHIDAMBARAM: Yes, we are. That promise also remains. That will be redeemed in the next few weeks.

SHRI SITARAM YECHURY: Thank you.

Therefore, it is good to have a separate Act. Therefore, anyone who wants to know what the payment system in India will take one Act and read all the provisions there. There is no mystery in not amending the RBI Act, this is just a more convenient and a neat way for bringing about a new law.

Sir, today, the RBI operates the payment system in four metros. It also provides a number of payment services in the 14 cities or so, where it has regional offices. That will continue. I think it will continue in the foreseeable future, but whether it will continue 100 years later, I can't say. That will continue in the foreseeable future.

SHRI SITARAM YECHURY: As of now, it is continuing.

SHRI P. CHIDAMBARAM: Yes, it will continue. There is no question about it. It will tell you why it will continue also. These 1068 clearing houses for which we are setting up the NPCI are now handled by different service providers or different combinations of service providers. In one place, it is bank (a) and (b). In another place, it is bank (c) and (d). In one place it is bank (a), (c) and (d). Therefore, first of all, we must have an NPCI. Initially, I am told, they would take over 59 major clearing houses. Then, they would

expand it slowly to cover the 1068 clearing houses. Therefore, in the foreseeable future, as far as I am concerned, in the medium and long-term, RBI will continue to be the service-provider in the four metro cities and in the cities where there are regional offices, where these services are being provided. The system will take a long time to stabilise. In the meanwhile, the RBI is also the regulator. It will regulate now the Clearing Corporation of India Limited. It will regulate the RTGS which it is operating. It will regulate the master card system. It will regulate the visa card system and it will regulate any mobile telephony payment system. So, RBI will be engaged in the regulation of all the systems. The NPCI will take some time to stabilise. In the foreseeable future, RBI will continue to operate the payment system in the four metros and the cities where it has got regional offices.

Now, what about the staff? RBI operates the system in the four metros through its own officers. That will continue; there is no change. Where RBI has deputed its officers to any particular place, that will also continue; there is no proposal to change that. But in most of the clearing houses it is the public sector banks which have sent their officers; they will continue to send their officers there until NPCI recruits or takes them over over a period of time. But as I have said, this is not going to happen overnight; this is going to happen over a period of time. But wherever officers have been deputed by RBI, they would continue on deputation and they will continue to operate the payment system.

Sir, there was some question about secrecy. Please look at Clause 22, page 8. It says, "(1) A system provider shall not disclose to any other person the existence of contents of any document or part thereof or other information given to him by a system participant except where such disclosure is required under the provisions of this Act or the disclosure is made with the express or implied consent of the system participant concerned or where such disclosure is in obedience to the orders passed by a court of competent jurisdiction or a statutory authority in exercise of the powers conferred by a Statute. (2) The provisions of the Bankers' Book Evidence Act, 1891 shall apply in relation to the information or documents or other books in whatever form maintained by the system provider".

So, secrecy is being guaranteed. Only RBI can ask for information that is provided for in Section 13, which says, "The Reserve Bank shall have right to access any information....". So, I think, confidentiality is being maintained. If there is a violation, of course, action will be taken.

Now, Shri Ahluwalia asked me about the Bankers' Book Evidence Act. The Bankers Book Evidence Act has been amended. Bankers Book earlier included only physical books. Now, the definition of Bankers' Book shall include any books used in the ordinary course of business of a bank whether kept in written form or as print-out of data stored in a floppy disc, tape or any other form of electromagnetic data storage device". So, bankers' book now includes all digital data and the Bankers' Book Evidence Act applies.

A question was asked about dishonour. Now, Section 138 of the Negotiable Instruments Act, with which all of us are familiar, has been bodily lifted and put here as Section 25. The Standing Committee pointed out that some words have to be amended to bring it exactly in line with Section 138. That amendment has been introduced. That amendment has been passed in the Lok Sabha. Therefore, now, as amended by the Lok Sabha, Section 25 is in *pari materia* with Section 138 of the Negotiable Instruments Act and then, to make it abundantly clear, sub-Section 5 has been added. The provisions of Chapter 17 of the Negotiable Instruments Act, 1881 shall apply to the dishonour of electronic funds transfer to the extent that the circumstances permit. Therefore, if an electronic payment order is dishonoured, if an electronic funds transfer order is dishonoured, it will be visited

with the same penalties, as is visited when a cheque is dishonoured. We have bodily lifted that and put it in this section. We have bodily lifted that and put in the section. Sir, hon. Member, Shri Banwari Lal, wanted Rajya Sabha Members and Lok Sabha Members to sit on the Board. That I don't think is the right thing. This Board constituted under Section 3 is chaired by the Governor of the Reserve Bank and consists of the Deputy Governors of the Reserve Bank and not exceeding three Directors of the Central Board of the Reserve Bank. So, this is really a sub-committee of the Central Board of the Reserve Bank. I don't think that Lok Sabha and Rajya Sabha Members should sit there. The Reserve Bank submits its annual report. When annual report comes, we can debate the report. But this the Board of the Reserve Bank and the sub-committee of the Reserve Bank. I don't think that we should sit there. Sir, some questions were asked about the recovery of loan. I am glad you raised them, although they are not concerned with this Bill. The RBI last week issued detailed instructions on recovery of loans. You must have read it in newspapers. Now that is available on the website. But I am willing to furnish you a copy. Very, very strict restrictions have been placed on the mode of recovery as to what can be done and what cannot be done. In fact, these muscle men are not hired by the public sector banks. This is being done by private sector banks. If any public sector bank does it, I will get that Manager sacked the next day. It is a private sector bank which does it. So, these regulations are really intended for private sector banks. Let us see whether they obey these regulations. If not, certainly I will advise the RBI to take the strictest action. We are a civilised society. There are civilised ways of recovering loans. Loans must be recovered; loans cannot go unrecovered, but there are civilised ways of doing it through the court, through the Lok Adalat now and through various legal machinery. We do not support any hired muscle men being used by banks to recover loans. We will come down very heavily upon them. Sir, there are some questions about ..(Interruptions)..

6.00 P.M.

SHRI S.S. AHLUWALIA: This guideline of RBI on recovery of loans should not affect the people who are seeking loans from the bank, because now the bankers are reluctant. As per the new guidelines, they cannot recover the money. So, they are reluctant to give loan. So, people will not get loan.

SHRI P. CHIDAMBARAM: That doesn't happen, *Ahluwaliaji*. I tell you why. Public sector banks never hire these muscle men. ..(Interruptions)..

SHRI S.S. AHLUWALIA: And that is why public sector banks do not give loans. That is the problem. The retail banking is done by the private bankers; they are giving loans. ..(Interruptions).. If you compare the retail banking of public sector banks *vis-a-vis* private banks, there is hell and heaven difference.

SHRI P. CHIDAMBARAM: I tell you. In the last two years, the credit growth has been 30 per cent and 31 per cent and the RBI has taken steps to moderate this credit growth. This was leading to some overheating the economy. We have now moderated the credit growth to about 23-24 per cent in the current year. What does it mean? It means that lending is growing by 23 per cent every year within the status of our economy. I think, lending can grow above 23-25 per cent. We are monitoring lending. I take a meeting every quarter of public sector banks. I monitor education loans, agriculture loans, priority sector loans, DRI loans and housing loans, and I am reporting a 23-25 per cent growth in credit. They are lending. Private sector banks credit is, of course, slightly higher, and perhaps that is why they are hiring people to recover these loans.

SHRI S.S. AHLUWALIA: Simultaneously, please check what collateral security they ask for that. Please check that also. Those who can afford to offer collateral, they get loan. Otherwise, nobody gets loan.

SHRI P. CHIDAMBARAM: I don't think that it is a right thing. *..(Interruptions)..*

SHRI S.S. AHLUWALIA: It is a fact, Sir.

SHRI P. CHIDAMBARAM: Collateral security is dispensed with for certain kinds of loans. These are under regulations — PMRY, education loans, DRI loans, etc. But to say that for every loan there should be no collateral security, then even for Rs.500 crores they will not take collateral security. I don't think Parliament should get into micro-managing banks. We have got a regulator. Regulator is managing it. Powers are given to the regulator. We can discuss the policy. But, whether collateral security should be taken for one kind of loan or not, I do not think it is for us to say. Where we have got a genuine interest, namely, educational loans, PMRY, weaker sections, we have dispensed with collateral security. But, I think, the banking system has also to function. It cannot become a bankrupt system. If it becomes a bankrupt system, there will be no money to lend.

श्री बनवारी लाल कंछल : सर, उसमें प्रधान मंत्री रोजगार योजना में सिक्युरिटी नहीं था। *..(व्यवधान)..* नहीं, ऐसा हमें सब लोगों ने बताया, जब हम वाणिज्य कमेटी के साथ दौरे पर थे।

SHRI P. CHIDAMBARAM: Under PMRY — it is my recollection. I will correct myself if I am wrong — if an asset is created, that very asset will stand security. That is very normal. If you create an asset under PMRY, that asset stands the security for the loan, which is very normal thing. There is nothing unusual about it.

Sir, some question was asked about stock exchanges. Stock exchanges are not doing payment and settlement of bank transactions. Stock exchanges are only platforms in which securities are traded. The payment and settlement is done only through the banking system. There was no need to bring stock exchanges in this Bill. As I explained, stock exchanges are regulated by SEBI, and SEBI will regulate the purchase and sale of securities. The payment is not through the stock exchanges. The payment is through the banking system.

Sir, I think I have answered most of the questions.

SHRI SHANTARAM LAXMAN NAIK (Goa): There is a provision regarding punishment in clause 25.

DR. E.M. SUDARSANA NATCHIAPPAN: Section 138 of the Negotiable Instruments Act gives punishment of only one year, but this clause 25 of this Bill gives two years' punishment....*(Interruptions)*.

THE VICE-CHAIRMAN (SHRI PRASANTA CHATTERJEE): Hon. Minister will answer the clarification sought.

DR. E.M. SUDARSANA NATCHIAPPAN (Tamil Nadu): Sir, under section 138 of Negotiable Instruments Act, lakhs of cases are pending before Magistrate Courts and High Courts. Now, if clause 25 is also applied, then more cases will come. Is the Finance Ministry making arrangement to compensate the cost of the judicial system? I am raising this point because a large backlog of cases is there. Will separate courts be constituted and will the cost of judicial system be borne by the Ministry of Finance?

Then, regarding credit cards, more charges and usurious interest are asked for, that is, more than 36 per cent, 72 per cent. This is going to be regulated through this payment system. Now, it is contemplated. Is RBI going to regulate that system also?

Finally, there are plenty of cases relating to cyber crimes which are coming up in the banking system. When this system of electronic transfer of funds is operationalised, will the cyber crimes be curtailed by way of any regulation, or is there any rule going to be made in this respect?

SHRI P. CHIDAMBARAM: Sir, it is true that there is difference in the punishment under section 138 of Negotiable Instruments Act and clause 25 of the Payment and Settlement Systems Bill, 2007. Under section 138, what we are talking about is the dishonour of a cheque payment. In clause 25, we are talking about dishonour which occurs in an electronic funds transfer. If you see the definition of 'electronic funds transfer' in clause 2(1)(c), it says, "electronic funds transfer' means any transfer of funds which is initiated by a person by way of instruction, authorisation or order to a bank to debit or credit an account maintained with that bank through electronic means and includes point of sale transfers, automated teller machine transactions, direct deposits or withdrawal of funds, transfers initiated by telephone, internet and card payment;". These are systematically large or systematically more damaging violations. That is the reason, why I am told, they have put a two-year limit. But, I take this on board, let us pass this Bill. If necessary, we will amend it on a suitable occasion. If we think that two years is too much, we will certainly bring it down to one year. But, I think, they think that this is a systematically more damaging violation if there is dishonour through electronic funds transfer and they have put two years. But, I will take a second look at it later.

श्री बनयारी लाल कच्छल : सर, एक प्रश्न रह गया है कि सांसदों को लोन नहीं ..(व्यवधान) ..

SHRI P. CHIDAMBARAM: That does not have anything to do with this Bill. ...*(Interruptions)*..

DR. E.M. SUDARSANA NATCHIAPPAN: Sir, I sought a clarification regarding cyber crimes. ...*(Interruptions)*..

SHRI P. CHIDAMBARAM: Sir, cyber crimes are not concerned with this Bill. Cyber crimes are concerned by cyber crime laws. I think, the penal code has been amended to deal with some of the cyber crimes. This Bill deals only with payments and settlements through new modes of payment and settlement which have come about. We only know about checks. At least, most of us grow up knowing only cheque payment and receiving by cheque. Now, new modes of payment have come and this Bill deals only with that. Cyber crimes are dealt with by separate law and I am not ...*(Interruptions)*..

DR. E.M. SUDARSANA NATCHIAPPAN: Sir, during the course of the debate ...*(Interruptions)*.. If there is a cyber crime committed, whether this Bill will deal with that? ...*(Interruptions)*..

SHRI P. CHIDAMBARAM: No. This Bill will punish anyone who violates the provisions of this Bill. But, if he commits a cyber crime ...*(Interruptions)*..

DR. E.M. SUDARSANA NATCHIAPPAN: No, no, within the Bill, transaction within the Bill ...*(Interruptions)*..

SHRI S.S. AHLUWALIA: Sir, he is not talking about the cyber crimes. He is talking about electronic transfer of funds. ...*(Interruptions)*..

SHRI P. CHIDAMBARAM: Yes, that is punishable under this Bill. ...*(Interruptions)*.. Section 25 talks about payment and settlement using any electronic mode. That is precisely why section 25 is there. Section 25 starts by saying, "Where an electronic funds transfer

initiated by a person from an account ...". If he uses modern technology, electronic technology, to transfer funds, and there is dishonour and he commits an offence under this Act, it will be punished. But, if he commits some other crime like cheating, that will be punished under the ordinary law. If he commits any other crime of forgery, that will be punished under the ordinary law. This section will be read, that is, he will be prosecuted for an offence under section 25 of this Act, read with corresponding sections of the penal code. The penal code is not replaced by this law. In fact, penal code laws will continue to remain. But, if he commits an offence and there is a dishonour of a transfer under electronic funds transfer, section 25 is attracted and he will be punished. So, I request the hon. Members to kindly pass the Bill.

THE VICE-CHAIRMAN (SHRI PRASANTA CHATTERJEE): I think no more clarifications are there. The Minister has replied to the hon. Members' questions and clarifications sought.

The question is:

"That the Bill to provide for the regulation and supervision of payment systems in India and to designate the Reserve Bank of India as the authority for that purpose and for matters connected therewith or incidental thereto, as passed by Lok Sabha, be taken into consideration".

The motion was adopted.

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

Clauses 2 and 3 were added to the Bill.

THE VICE-CHAIRMAN (SHRI PRASANTA CHATTERJEE): There are three amendments (No. 1 to 3) by Shri Tapan Kumar Sen.

SHRI TAPAN KUMAR SEN: Sir, in view of the assurance given by the hon. Minister, I am not pressing my amendments.

Clause 4 was added to the Bill.

Clauses 5 to 38 were added to the Bill.

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

SHRI P. CHIDAMBARAM : Sir, I move:

That the Bill be passed.

The question was put and the motion was adopted.

MESSAGE FROM LOK SABHA

The Rajiv Gandhi Institute of Petroleum Technology 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 120 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to inform you that Lok Sabha, at