

13-05-2005 - Consideration of the Regional Rural Banks (Amendment) Bill, 2004..

Sir, the Regional Rural Banks (Amendment) Bill, 2004 has been introduced in this House by Shri Basu Deb Acharia. It gives us a big opportunity to discuss the problem of rural credit. ... (*Interruptions*)

MR. CHAIRMAN: Shri Chandrappan, please wait for a moment.

Now, the time allotted for discussion of this Bill is over. If the House agrees, the time on this Bill may be extended by half-an-hour.

SEVERAL HON. MEMBERS: Yes, Sir.

MR. CHAIRMAN: Then, Shri Chandrappan, you can continue.

This provides us an opportunity to discuss the problem of rural credit and the need for stronger institutional arrangement for providing rural credit. The regional rural banks were established in 1976. Thereafter the experience in all these nearly 30 years is that these RRBs have improved and gained experience, they enhanced themselves into various parts of our country and attracted more rural deposit and helped providing credit to large number of people. But the problem now faced and for which several suggestions are offered, is that though these rural credit institutions are attracting a lot of investment from the rural areas, the sponsoring banks are trying to divert these funds from the rural areas and invest them in big cities. If that kind of attitude of the sponsoring banks be allowed to continue, that will adversely affect the purpose for which these banks were established.

MR. CHAIRMAN: Shri Chandrappan, time extended for this is only half-an-hour. Please bear this in mind when you are speaking. Please continue.

Yes, sir. These banks were established actually to help the rural people. Now that purpose is being defeated. In that context several proposals were made by various people. Shri Basu Deb Acharia has supported one proposal in his amendment that is setting up of an all-India establishment integrating all these rural banks into one body and strengthening it. But there is another suggestion made that these rural banks could be merged with the sponsoring banks and in that way these sponsoring banks could have their own branches in the rural areas and help the people.

Then, there are many suggestions made in this regard. Now, the point is that the rural peasants, artisans, the people depending on rural industries, agriculture operations etc. all these should get credit facilities. The Government, in the last Budget and in this Budget also, has announced its intention to enhance the rural credit. One of the most important policies of the UPA Government was to enhance rural credit so that the agrarian sector gets more strengthened. This year, while announcing the Budget, the hon. Minister of Finance said that they have succeeded in their mission. Nobody will question the importance of rural credit and the importance of having such institutions. India is an agrarian country and our national economy is so much dependent on agriculture. The target for the Tenth Plan is to achieve four per cent or even more than four per cent growth in the agrarian field. The contribution to the GDP from this sector should be more than four per cent. But then, for achieving that, the rural credit institutions should be strengthened. There are other institutions also. But the point is to see how we will be able to utilise the huge deposits that are there in these RRBs.

Sir, what is happening? The mover of the Bill has pointed out that a large portion of the deposits in RRBs is not being used for rural development. He has said that mainly the sponsoring banks are responsible for it. That is what he was telling. In that context, how the Government will be able to achieve

the goal for which these banks are set up should be more seriously discussed. One of the suggestions, which can be seriously considered, is proposed by the mover of the Bill. So, we broadly support the ideas advanced by the mover of the Bill, Shri Basu Deb Acharia. We extend our support to the Bill.