

LOK SABHA

SYNOPSIS OF DEBATES (Proceedings other than Questions & Answers)

Monday, November 18, 2019 / Kartika 27, 1941 (Saka)

NATIONAL ANTHEM

The National Anthem was played.

OATH/AFFIRMATION BY MEMBERS

Following Members took oath/affirmation as follows, signed the Roll of

Members and took their seats in the House:

S. No.	Name of Member	Constituency	State	Oath or Affirmation	Language
1.	Shri Prince Raj	Samastipur	Bihar	Oath	Hindi
2.	Smt. Himadri Singh	Shahdol	Madhya Pradesh	Oath	Hindi
3.	Shri Shriniwas Dadasaheb Patil	Satara	Maharashtra	Oath	Marathi
4.	Shri D.M. Kathir Anand	Vellore	Tamil Nadu	Affirmation	Tamil

OBITUARY REFERENCES

HON'BLE SPEAKER: Hon'ble Members, I have to inform the House of the sad demise of nine of our former members and a sitting member of Rajya Sabha, namely Dr. Sudhir Ray, Shri Raja Paramasivam, Smt. Sushma Swaraj, Shri Jagannath Mishra, Shri Arun Jaitley, Shri Sukhdev Singh, Shri Ram Jethmalani, Dr.Naramalli Sivaprasad, Shri B.L. Sharma 'Prem' and Shri Gurudas Das Gupta.

DR. Sudhir Ray was a member of the 8th to 10th Lok Sabhas representing Burdwan Parliamentary Constituency of West Bengal. Dr. Sudhir Ray passed away on 30 March, 2019 at the age of 85 years.

Shri Raja Paramasivam was a member of the 12th Lok Sabha representing Pudukkottai Parliamentary Constituency of Tamil Nadu. Shri Raja Paramasivam passed away on 14 May, 2019 at the age of 56 years.

Smt. Sushma Swaraj, an outstanding parliamentarian , was a member of the 11th , 12th , 15th , and 16th Lok Sabhas representing South Delhi Constituency of NCT of Delhi and Vidisha Parliamentary Constituency of Madhya Pradesh. Smt. Sushma Swaraj was also a Member of the Rajya Sabha for three terms and member of Haryana Legislative Assembly for two terms. Smt. Sushma Swaraj during her long public life served as Union Cabinet Minister for Information and Broadcasting, Telecommunications, Health & Family Welfare, Parliamentary affairs, External Affairs and Overseas Indian Affairs, Chief Minister of NCT of Delhi and Minister for Labour and Employment, Education and Minister for Food

and Civil Supply in Haryana. She also served as Leader of Opposition in the Lok Sabha. She was an effective orator , a prominent face of woman representation in Indian politics. She adduced a human face to the Ministry of External Affairs while serving as the Minister of External affairs. She acted as a troubleshooter for any Indian stuck abroad. With her demise ,the country has lost such a humanitarian personality that had assumed a special room for herself among all sections of the country. Her contribution to the nation shall always be recalled. Smt. Sushma Swaraj passed away on 6 August, 2019 at the age of 67 years.

Shri Jagannath Mishra was a Member of the 5th Lok Sabha representing Madhubani Parliamentary Constituency of Bihar. Shri Jagannath Mishra was also a Member of the Rajya Sabha and served as Union Minister for Agriculture, Rural and Employment. Shri Jagannath Mishra served as Chief Minister of Bihar for three times. Shri Jagannath Mishra passed away on 19 August, 2019 at the age of 98 years.

Shri Arun Jaitley was a sitting member of the Rajya Sabha and he had been a member of the Rajya Sabha continuously for the fourth time since the year 2000. He also served as the Leader of the House and Leader of Opposition in the Rajya Sabha. An astute, highly capable and effective administrator, Shri Arun Jaitley served as Union Minister for Finance, Defence, Law and Justice, Company Affairs, Commerce and Industry, information and Broadcasting and Corporate Affairs. A brilliant parliamentarian, Shri Arun Jaitley was the recipient of the Outstanding

Parliamentarian Award for the year 2010. Shri Jaitley had an affable personality, tremendous knowledge of events and rich wealth of legal knowledge. He worked selflessly and relentlessly for the welfare of the country. The country has lost one of its most respected leaders and a statesman. An eminent parliamentarian, a powerful orator, erudite persona and an excellent human being Shri Arun Jaitley passed away on 24 August, 2019 at the age of 66 years. His loss created a void which can never be filled.

Shri Sukhdev Singh was a Member of the 14th and 15th Lok Sabhas representing Fatehgarh Sahib Parliamentary Constituency of Punjab. Shri Sukhdev Singh was also a member of Rajya Sabha and a member of Punjab Legislative Assembly. Shri Sukhdev Singh passed away on 6 September, 2019 at the age of 86 years.

Shri Ram Jethmalani was a Member of the 6th and 7th Lok Sabhas representing the erstwhile Bombay North-West Parliamentary Constituency of Maharashtra.

He was a sitting member of Rajya Sabha and, earlier too, he had been a member of the Rajya Sabha for 5 times. He served as Union Minister for Law, Justice and Company Affairs, and Minister of Urban Affairs and Employment. Shri Ram Jethmalani was an eminent lawyer and legal educationist and held various positions in the Bar Council of India and International Bar Association. Shri Ram Jethmalani passed away on 8 September, 2019 at the age of 95 years.

Dr. Naramalli Sivaprasad was a Member of the 15th and 16th Lok Sabhas representing the Chittoor Parliamentary Constituency of Andhra Pradesh. Dr. Naramalli Sivaprasad served as the member of Andhra Pradesh Legislative Assembly and also served as a Minister for Information and Culture in the Government of Andhra Pradesh. Dr. Naramalli Sivaprasad Passed away on 21 September, 2019 at the age of 68 years.

Shri B.L. Sharma 'Prem' was a member of the 10th and 11th Lok Sabhas representing the East Delhi Parliamentary Constituency of NCT of Delhi. Shri B.L. Sharma 'Prem' passed away on 28 September, 2019 at the age of 88 years.

Shri Gurudas Das Gupta was a member of the 14th and 15th Lok Sabhas representing the Ghatal Parliamentary Constituency of West Bengal. Shri Gurudas Das Gupta was also a member of Rajya Sabha for three terms. Shri Gurudas Das Gupta was a very effective parliamentarian. He had an excellent knowledge of parliamentary procedures and constitutional provisions. Through his contributions in Parliament and its committees, he had dedicatedly striven to raise the matters of downtrodden, marginal sections and for the upliftment of the working classes. Shri Gurudas Das Gupta passed away on 31 October, 2019 at the age of 82 years.

We deeply mourn the loss of our former colleagues. I am sure the House would join me in conveying our condolences to the bereaved families.

The members then stood in silence for a short while.

RESIGNATION BY THE MEMBER

HON. SPEAKER: I have to inform the House that an elected Member of Satara Parliamentary Constituency of Maharashtra Shri Ch. Udayanraje Bhonsle has resigned from his membership in the Lok Sabha. I have accepted his resignation w.e.f. 14th September, 2019.

SUBMISSIONS BY MEMBERS

(i) *Re: Reported suicide of a student in IIT Chennai due to alleged discrimination by teachers.*

THE MINISTER OF HUMAN RESOURCE DEVELOPMENT (DR. RAMESH POKHRIYAL NISHANK) *responding to the issue raised by several hon. Members, said:* IIT Chennai is a very important institution of our country. So far as this incident is concerned, Secretary, higher education has been sent to Chennai today and a high level investigation at IG level has been initiated there. Action will be taken as per the findings of the investigation report.

(ii) *Re: Polluted Drinking Water in National Capital Territory of Delhi*

MINISTER OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI RAM VILAS PASWAN) *responding to the issue raised by several hon. Members said:* Today the condition is so miserable in Delhi that one can't afford to drink tap water. That is why wherever there is a good

gentry, people have either got ROs installed or prefer to drink bottled water But the poor are left with little alternative on this count. The Prime Minister has said that clean tap water for all shall be made available across the country by the year 2024. I have directed the Bureau of Indian Standards to first undertake test at State Headquarters. Subsequently, 100 Small Cities in the second phase and undertake this test at District level in the third phase. When its Report was presented Maharashtra figured at the top in terms of quality of water and water-quality of Delhi was found to be the worst in sample test. I would like to place on record with a challenge that never in my life did I venture into politics on such critical issues. In case one thinks that water available in the State is good, make it mandatory that in the event of supply of bad water to anyone, the person can move to the court of law. I would like to seek the solidarity of the entire House on this issue. There should be no politics on it. Alongside, I would also like to convey to the government of NCT Of Delhi to get water tested in any laboratory. We are ready for it and its result shall also be made public.

MATTERS UNDER RULE 377

- (i) *Re: Need to set up a CSD canteen and Sainik Vishram Grih in Bhiwani-Mahendragarh Parliamentary Constituency in Haryana.*

SHRI DHARAMBIR SINGH: My Parliamentary Constituency Bhiwani-Mahendragarh is a Sainik dominant area. Ex-servicemen/war widows' first

demand is that a CSD canteen should be opened at Loharu in Bhiwani district. My demand is that Sainik Vishram Grih (Community Hall) should be set up in all the sub-divisions under my Parliamentary Constituency.

(ii) Re: Long pending demand of people of Darjeeling Hills, Terai and Dooars, West Bengal.

SHRI RAJU BISTA: The people of Darjeeling Hills, Terai and Dooars have a long-pending political demand, which erupted as the Gorkhaland Statehood movement of 1986-1988, 2013-2014 and again in 2017. Today the region is vulnerable to illegal infiltration and severely lacks in development and economic progress. I request the Government to intervene in the matter and initiate tripartite talks involving the Union Government; West Bengal Government and local representatives to find a permanent political solution to the long-pending demands of the people at the earliest.

(iii) Re: Need to ensure availability of TB medicines in all healthcare centres in Jalore and Sirohi districts of Rajasthan.

SHRI DEVAJI PATEL: Respiratory disease TB is causing death to patients in Jalore and Sirohi districts in Rajasthan, but the efforts made by the Government has not been successful in checking it. I, therefore, request that

medicines for TB and other respiratory diseases should be made available at all the health centers in Jalore and Sirohi districts.

(iv) *Re: Need to provide compensation to farmers who suffered damage and loss of crops caused by strong winds and incessant rains in Chhattisgarh.*

SHRI CHUNNI LAL SAHU: Chhattisgarh is called Rice Bowl. Strong winds and incessant rains have caused severe damage to crops during the last month. It has also resulted in increase of insects and crops have also been damaged due to their crumbling down. I, therefore, request the government to assess the crop damage and provide compensation to the farmers for it.

(v) *Re: Need to streamline the Public Distribution System in Sheohar Parliamentary Constituency, Bihar.*

SHRIMATI RAMA DEVI: There is severe disorder in the offtake of food grains in my Parliamentary Constituency Sheohar, Belsand, Sitamadhi Sadar, Pakridayal and Sikarhana (Dhaka) sub divisions. Middlemen are allegedly involved in improper distribution of food grains and a number of mafias are also active there. It is depriving the poor from the benefits of public welfare schemes of the Government. I, therefore, request the Government to take cognizance of the matter and initiate required action.

(vi) *Re: Need to set up Kendriya Vidyalayas in Santhal Pargana region of Jharkhand.*

DR. NISHIKANT DUBEY: Jharkhand is having two major regions, Santhal Pargana and Chhota Nagpur. This is a naxalite affected area. Keeping the socio-economic problem being faced by Santhal Pargana in mind where agriculture is the main source of income, we see an urgent need of comprehensive plan of action where special emphasis on good and equal opportunity of employment friendly educational needs to be given utmost importance. I request the government to set up Kendriya Vidyalayas in Jarmundi in Dumka, Deoghar and Mahagama in Godda district of Santhal Pargana.

(vii) *Re: Need to undertake widening and maintenance of NH-331 in Maharajganj Parliamentary Constituency, Bihar.*

SHRI JANARDAN SINGH SIGRIWAL: There is National Highway-331 in my Parliamentary Constituency Maharajganj in Bihar. Its length from Chhapra passing through my Parliamentary Constituency Maharajganj to Mohammadpur in Gopalganj district is 65 kms. I request for issuing requisite instruction to the Ministry of Road Transport and Highways under Government of India for earliest completion of widening and maintenance related works of this important road in the interest of the people.

(viii) *Re: Construction of a bypass on NH-66 at Attingal, Kerala.*

ADV. ADOOR PRAKASH: The proposal for construction of a new bypass at Attingal on NH-66 in Kerala is long pending. The stretch through Attingal is the major bottleneck and thousands of travelers on National Highway-66 in Kerala are facing acute difficulties. I urge the Government to consider this project on priority basis.

(ix) *Re: Pension related issues faced by cashew growers in Kerala.*

SHRI KODIKUNNIL SURESH: Cashew sector in Kerala faces extreme volatilities and the crisis is exacerbated as administrative complexities increase. The complexities involved in obtaining various certificates and digital filling cause harassment of poor workers and they are denied their opportunity to avail pension. Workers should be allowed to avail rightful pension by suitable amendments in the rules.

(x) *Re: Closure of Central Potato Research Station at Ooty, Tamil Nadu.*

SHRI A. RAJA: Central Potato Research Station (CPRS) is a premier institute functioning under Indian Council of Agricultural Research at Muthorai in Ooty. ICAR decision to shut down CPRS at Muthorai will severely affect the growth of Potato in Southern India especially hilly district of the Nilgiris, Dindigul, Krishnagiri and Erode in Tamil Nadu. I, therefore, request the Union

Government not to shut down CPRS, Ooty for the welfare of farmers in Southern India.

(xi) *Re: Need to set up a plastic recycling unit in Jaynagar Parliamentary Constituency, West Bengal.*

SHRIMATI PRATIMA MONDAL: The Government has been stressing on Swachh Bharat Abhiyan. Waste and pollution are obviously one of the most important issues that need to be dealt with. My humble request to the Government is to set up a plastic recycling unit in Jaynagar Constituency.

(xii) *Re: Early completion of doubling work on Vijayawada-Bhimavaram railway line in Andhra Pradesh.*

SHRI RAGHU RAMA KRISHNA RAJU: I would like to draw the attention of the hon. Minister of Railways towards the early completion of the doubling works of Vijayawada-Bhimavaram railway line. It would be extremely useful for the fast-growing aquaculture business in West Godavari district. It will also help the passengers from heavy traffic.

(xiii) *Re: Need to set up a bench of High Court of Bombay at Kolhapur.*

SHRI SANJAY SADASHIVRAO MANDLIK: The pending cases in the different courts in my Parliamentary Constituency Kolhapur and adjoining five

districts have become approximately 10 lakhs. The people have to go to Bombay High Court to get justice. As everyone is aware that Mumbai is a costly city and distance between Kolhapur and Bombay High Court is approximately 400 kms. I, therefore, request the Government to set up a Bench of Bombay High Court in Kolhapur to provide cost effective and easily accessible justice to the people.

(xiv) *Re: Need to grant special category status to Bihar.*

SHRI KAUSHLENDRA KUMAR: The development of Bihar has been adversely affected due to lack of right policies and different socio-economic regions. The State is far below the national average on different parameters such as per capita income, education, health, institutional finance and different indices of human development. Bihar is a landlocked State. There is need to provide special assistance to the backward states like Bihar to bring it at par with national standard keeping in view the lack of resources in the State.

(xv) *Re: Need to roll back the hike in hostel fee and other charges in Jawahar Lal Nehru University, Delhi.*

KUNWAR DANISH ALI: Country has witnessed privatization and commercialization in all the sectors after the NDA Government came into power. Now, even the education is being commercialized. Jawahar Lal Nehru University is a recent example of commercialization. The university administration has

heavily increased the Hostel fee. Mess and Security fees have been increased by 400 per cent. I would request to take appropriate action in the interest of poor and talented students.

(xvi) *Re: Allocation of 77 lakh metric tonnes of Urea to Telangana.*

DR. G. RANJITH REDDY: Urea is one of the important fertilizer components. Delayed supply of urea will derail the entire agriculture and farmers will have to pay a big price for no fault of theirs. Due to copious rains in Telangana in September, it is expected to have increased acreage of cultivation. Due to this, the State Agriculture Department has estimated that 7.7 lakh metric tonnes of urea is required for this rabi season. Secondly, acreage in kharif had also gone up, and the Government of Telangana had requested for additional 50,000 metric tonnes of urea but the Chemicals and Fertilizers Ministry has sent only 37,000 metric tonnes. I request Government of India to immediately allocate and release 7.7 lakh metric tonnes of urea and balance 13,000 metric tonnes without any further delay.

(xvii) *Re: Minimum Support Price for Massmeen (Dry Tuna Fish) product in Lakshadweep.*

SHRI MOHAMMED FAIZAL P.P: Massmeen (Dry Tuna Fish) is a largely produced fish product of Lakshadweep fishermen. Fishermen are being

exploited by the middlemen. They do not even recover their cost. In order to save fishermen from huge financial loss, UTL Administration may start procurement process for Massmeen by fixing MSP for Massmeen.

(xviii) Re: Need to provide compensation to farmers who suffered loss of crops due to unseasonal rains in Dadra and Nagar Haveli Parliamentary Constituency.

SHRI MOHANBHAI SANJIBHAI DELKAR: The untimely rainfall has caused heavy loss to crops of farmers and scheduled cast farmers. I request the Central Government to take actions for provide immediate compensation to the farmers after assessing losses caused to farmers. So they can be ready for growing next crops.

(xix) Need to set up a Research Centre in Maldah Uttar Parliamentary Constituency, West Bengal to address the problem of arsenic contamination of water.

SHRI KHAGEN MURMU: The people in my Parliamentary Constituency, Malda, West Bengal are facing serious problems due to presence of arsenic in water and causing various diseases among population. I request the Centre to issue directions for setting up a research centre immediately for saving the people from the scourge of arsenic adulteration in water and its adverse effect in West Bengal.

(xx) *Re: Pending works of ESIC Medical College and Hospital Gulbarga, Karnataka.*

DR. UMESH G. JADAV: The building of ESIC Medical College and Hospital, Gulbarga, Karnataka was inaugurated in the year 2014. Medical college and Under Graduate courses started in the building but still a lot of work is pending. It is requested that the entire building work has to be re-examined and instruction be given to the agency to complete the pending works.

(xxi) *Re: Need to facilitate grant of NoC for construction of road along Bariyarpur canal by Government of Uttar Pradesh.*

SHRI VISHNU DATT SHARMA: The roads being constructed along the canal flowing from Bariyarpur dam towards UP, have total length of 47.70 km. These roads were constructed under Pradhan Mantri Gramin Sadak Yojana, Panna. But, The said construction has been stopped after the objections of the department of Irrigation, UP as canal falls under the jurisdiction of the Government of UP. The condition of roads in the area are very pathetic and the residents face a lot of difficulties and the situation become more worse during rainy season. Therefore, I request the Central government to direct the government of UP either issue No-Objection Certificate or construct the said roads.

(xxii) *Re: Need to construct sea walls along Thiruvananthapuram Coastline.*

DR. SHASHI THAROOR: It is unfortunate that coastal fishing villages located in Thiruvananthapuram, which were once considered as India's prominent ports have severely affected by the sea erosion for the past eight to nine years. It severely affected the lives and livelihoods of hundreds of families. I request the Central Government to consider the gravity of the situation and take immediate action to provide resources for sea wall construction along the coast of Thiruvananthapuram.

CHIT FUNDS (AMENDMENT) BILL, 2019

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS(SHRI ANURAG SINGH THAKUR) *moving the motion for consideration of the Bill, said:* The Chit Funds Act, 1982 was enacted to provide for the regulation of Chit Funds which have conventionally satisfied the financial needs of the low income households. The Parliamentary Standing Committee on finance in its 21st report had addressed all the issues and recommended finalization of the legislative and administrative proposals for strengthening and streamlining of the registered Chit Fund sector. The Committee in its 35th report, which is the action taken report, again recommended the need to quickly firm up the legislative

and administrative proposals for the Chit Fund sector. The present Bill seeks to increase the subscription limit of individuals from Rs. 1 lakh to 3 lakhs and for firms, from 6 lakhs to 18 lakhs. It provides the mandatory presence of at least 2 subscribers either in person or thorough video conferencing at the time of opening of the Chit. The Commission of Forman has also been raised from 5 per cent to 7 per cent and he has been given the right to take the dues from subscribers. The disbursable amount has been called share of discount instead of dividend. It is supposed to be illegal by some people I would like to say that it is legal. We have removed the cap of Rs. 100. Now, it is high time to pass the Bill.

SHRI SAPTAGIRI SANKAR ULAKA: There are 20 lakhs small depositors in Odisha and they have been duped to the tune of Rs. 10,000 crore in chit fund scam. I want to know the status of Odisha Chit Fund Scam investigation and the time by which the innocent people will get their money back. The Act seeks the presence of two subscribers either in person or through video conferencing at the opening of the Chit. Rural areas in Odisha have neither mobile network nor other facilities. The chit fund sector is mainly unorganized. This Bill is not enough for the unorganized sector. We want that the unorganized sector should be brought under the purview of the Bill. The Bill has provisions for securing the interests of the foreman but silent about subscribers. It was recommended that the chit amount may be insured. Nothing good will happen merely by branding the names like fraternity etc. The provisions are not applicable on the Chit Fund

company started before the enactment of the Act. These Chit Fund companies should be brought under the Act after retrofitting them. The State Governments may exempt certain Chit Fund Companies either from all or any provision of the Act. This is a drastic discriminatory power. We should take some permanent and long lasting measures for the chit fund industry which is to the tune of Rs.50 thousand crore.

SHRI GOPAL SHETTY: I rise to support the Chit Funds (Amendment) Bill, 2019. We have worked on this Bill in the Standing Committee on Finance. The Bill contains all such provisions to ensure that the depositors' money is not misused, nor is subject to any kind of fraud or scams. I would like all the amendments proposed to this Act should be implemented at the earliest. Moreover, a mechanism should be evolved to monitor the implementation of these amendments. We also need to take into account that a number of changes have taken place in the new India of 2019. A large number of bank accounts have been opened under the Jan Dhan scheme with the initiative taken by the Prime Minister of the country. It is also a fact that the common people are still unable to get money from the banking system even after 70 years of Independence. This is why chit fund system has been flourishing. I am of opinion and many a Member will also agree that a few people are running the system successfully even without involving the government system and government machinery. Moreover, no legislation of such kind should be enacted as the loopholes of such legislations are

misused to dupe the people. Nevertheless, this legislation is going to support the operators of this system. Once again, I would like to reiterate that original banking system needs to be made people-friendly by streamlining it. As far as autonomy is concerned, the entire system needs to function in the prescribed regulatory framework. We may convert it into the cooperative bank so that the people are not rendered unemployed and the money is given to the bonafide people at the right time. We will have to develop such a system. We will be able to do the justice to the people of the country and to streamline the system in the time to come only by doing such things. At the same time, this will create a sense of fear among the fraudsters and scamsters.

DR. KALANIDHI VEERASWAMY: At the outset, I would like to say that the existence of a chit fund in this country after over 70 years of Independence is actually a shameful thing. It is because people want to have access to money in case of an emergency and this is supposed to be met by a banking institution or an NBFC. But the banking institutions have failed to meet such requirement. Unfortunately, banks give huge sums of money to big corporate but these people are not repaying it and they become NPAs. It is either in collusion with these companies or something as a result of which the banks end up in such a situation where the money is lost forever. In these kinds of situations, no action is taken against the erring banks. If you see the quantum of this chit fund business, it is about anything from Rs.30,000 to Rs.50,000 crore. I feel this legislation is going

to bring down the chit fund business which will again lead to a lot of unemployment. The existing chit fund operators, who were earlier charged 10 per cent, are now being charged 12 per cent GST. They have been asking for exemption from GST but the rate of GST in their case has been increased. So, people who are doing this business are losing their interest. Consequently, a number of chit fund companies are on the verge of closure. So, I would request the Government to consider if the individuals who are running chit funds for Rs. 3 lakh can be exempted from GST. It will be of a huge benefit to the small people.

SHRI KALYAN BANERJEE: It has been observed that there was no specific Act passed by the Parliament or State Assembly for taking the promoters of such chit fund companies to task or to stop them from collecting money from poor investors against promise of lucrative returns. Initially in 2003, the West Bengal State Assembly passed a draft Act and sent it to the Centre for assent. But the assent was not given. Since then, on different occasions in 2013 and 2014, the State Government of West Bengal communicated with the Central Government in this regard. In 2014, the Central Government again raised certain points. The State Government incorporated those points and passed the Protection of Interest of Depositors in Financial Establishment Bill, 2013. But, finally in 2015 that Bill was enacted. I would like to inform that the State Government of West Bengal prepared a specific scheme for payment of compensation to the depositors in distress and an amount of Rs.500 crore was earmarked for this purpose. It was

known to everyone that a writ petition was filed in Sarada matter and it was investigated by the CBI. But the question is why till now charge sheets have not been filed? In the background of the fact that this august House has already passed the Banking Unregulated Deposit Scheme Bill, 2019, is there any necessity to continue with the Chit Funds Act? I suggest the Government to scrap it as all these provisions have already been in that Act. Chit fund gives an incorrect impression to the common people. If chit funds are valid and ponzi schemes are invalid, then how will the common people be able to make the distinction about investing in chit funds or investing in ponzi schemes?

The investigation conducted so far puts a question mark on the role of regulatory authorities like SBI, Registrar of Companies and officials of RBI. The synopsis goes to the extent of suggesting that regular payments towards bribe were paid through middlemen to some of those who were supposed to keep an eye on such ponzi companies. This breach of the law, therefore, needs to be closely examined and effectively dealt with. My question to the Hon. Minister is as to why not a single person from the regulatory agencies was not called for interrogation? I will, therefore, request the Hon. Finance Minister to please finish the trial at the earliest.

SHRI RAGHU RAMA KRISHNA RAJU: Our Chief Minister took charge and during his *padyatra* he had heard the sorrows of various people who were duped by age old companies. The state Government earmarked Rs.1100

crore for all the major 7 lakh depositors. This particular amendment will definitely be very handy to further regulate it in a stringent manner and this is certainly a welcome move. Majority of the rural economy survives only on rural credit through chit fund business where there were regulations of only a limit of Rs.1 lakh till now. I personally urge the Government to increase it to a slightly higher level of at least Rs.5 lakh from Rs.3 lakh for individuals and Rs.30 lakh for firms. The change in nomenclature and insertion of the words “fraternity fund, rotating savings and credit institution” is a good idea. The ceiling of foreman’s commission from five per cent to seven per cent is indeed a welcome move. Another point is that we will have to make the insurance mandatory. If we make it mandatory, the level of vigilance by the insurance company will be there. I would request the Government not to give any discretionary power to the States in this regard. Let the Act be followed by each and every State without any power to change.

SHRI SHRIRANG APPA BARNE: People are being duped for a long time by the chit fund companies in the entire country. People have lost even their lives owing to these companies. During the past few years, several chit scams and bank scams have come to the light and in these scams, mostly ordinary people like pensioners, employees, small businessmen, farmers etc. have lost their deposits. Today, money of ordinary people is not safe anywhere. Several chit fund scams have been unearthed in Maharashtra also. In Nasik, an individual called

Bhauasaheb Chavhan committed a chit fund scam to the tune of rupee ten thousand crore. Likewise, an individual called Mahesh Motiwar ran a scheme title 'Samridh Jivan' in Pune. Under this scheme, a scam of rupees four thousand and five hundred crore was committed. More than 180 complaints have been received relating to scams of chit fund in Maharashtra. The Government ought to take note of these complaints and quick action should be taken against these chit fund companies.

DR. ALOK KUMAR SUMAN: It has been a long standing problem to provide short term loans to people for their routine needs. As per the data of the year 2018, a sum of rupees four lakh crore of crores of small investors was involved. This Bill will certainly protect the small investors and poor people. The Union Government has taken several measures to check unauthorized schemes. The CBI has also registered as many as 159 cases relating to such chit fund and ponzi companies in this regard during the last three years. The young farmers get entrapped in the clutches of such chit fund companies owing to unemployment and greed for money. If the sugar mills are revived there and new industries are set up together with creation of new job opportunities then this problem can be solved to great extent.

SHRI BHARTRUHARI MAHTAB: It took around 15 years to frame a law in 1982 though a number of committee reports were there. I find one little amendments here and will not suffice. The whole base on which this chit fund

system rests has been delegated to the respective State Governments. It is the State which has to monitor. I would say it is the State and the State alone which is responsible. We should have a State Coordination Committee which could be headed by the Chief Secretary of the respective State. There could be other officers as members in this Committee.

We are not holding anyone accountable or responsible for the misdeeds that are happening in our country at the cost of our poor people because they do not have another mechanism to make their deposits. When they need credit, the financial institutions, that are there, are not coming to their help and that is why chit fund flourishes. It is a necessity in our country. For a long time, the practice of unauthorized acceptance of deposits and chit funds has been a menace. Perpetrators lure gullible investors to deposit money with the promise of astronomical returns and disappear overnight. Predominance of such schemes is the result of inadequate laws in place. We should have a State-level coordination committee where respective regulatory authorities can sit every month and can collect information. They are also being blamed who are doing genuine chit fund business. But, the basic question is this, who is the regulator - RBI, SEBI, State Governments? And what is the nation-wide framework or guidelines? Absence of these have made the investors vulnerable. The law is there since 1982 but the provisions of it are seldom implemented. The problem lies with the multiple agencies governing the grey areas of such money deposit schemes. At present,

action against chit funds is taken only in case of frauds and since they are also guided by Company's Act and IPC, there are overlaps. This needs to be addressed.

SHRI RITESH PANDEY: It has been found that a number of State Governments are yet to frame the rules to implement the Central Act. The Government has promised to bring the law that regulates the chit fund schemes to protect investors, but the proposed amendments in the new Bill do not guarantee anything to that effect. Promoting the financial literacy of the public before investing in such a scheme has been neglected. Hence, the Bill does not adequately safeguard the consumer. The whole idea of introducing a new Bill was to bring unorganized chit fund companies or individuals into the formal net, it is doubtful that the current amendments will facilitate that objective. In the case of a registered chit fund company filing for bankruptcy, neither the Government, nor the Reserve Bank of India can help the investor. This needs to be amended given the massive number of people being duped by the chit fund scams regularly. I would like the hon. Finance Minister to look into these matters before we go ahead and pass this Bill.

SHRI KOTHA PRABHAKAR REDDY: Taking advantage of low financial literacy and greed of people looking for higher returns on their investments, many fraudulent chit fund companies have collected huge amounts of money and vanished. There is still no law that can recover the investors' money. The existing legislation come into play after a fraud has occurred. But by that time

the offenders will escape, leaving the chit fund investors in lurch. Unless the focus is on implementation without political interference and strengthening of the judicial mechanism, any amendment to the law is not going to be of much help to the poor. With a reported 10,000 chit fund companies running in the country handling over Rs. 30,000 crore annually, these funds are an important financial tool for the growth of the Indian economy. The current GST rate is 12 per cent which is burdensome and it is requested that GST may completely be waived off up to Rs. 50 lakh as regards chit funds. There is a dire need to set up a Regulatory Authority at the Central level and Regulatory Boards at the State level. The Registrar of Companies has to take immediate steps to register all the unregistered chit companies running in the country.

SHRIMATI SUPRIYA SADANAND SULE: India is probably going through one of its most difficult phases in the economy. GDP at a 15 year low. Unemployment is at a 45 year low. The household consumption is four decades low. The bad loans are at all-time high. Regarding this whole thing about scams, I would like to ask as to how are we going to regulate it? I am not doubting the intent of this Government. I am sure, they are trying to stop these schemes but I do not see it really happening anywhere. They keep saying about Pradhan Mantri Jan Dhan Yojana. If they have done so well in it, probably tomorrow chit funds will not even exist. They talked about the Fugitive Economic Offenders Bill. I would like to know as to how much money has really come back to this country? How

many offenders are really punished? How much time or money do we engage in people in financial literacy? You talk about video conferencing but the way now-a-days calls are dropping, how will we do video conferencing? Most of the telecom companies are almost saying that they are bankrupt. So, how are we going to do video conferencing? The solutions look wonderful on the Table. But, they have to be implemented on paper and into a reality because we are protecting the poor people of this country. We really need to have a financial literacy programme. If you could provide financial education within our educational system, it will help more people.

SHRI H. VASANTHAKUMAR: Chit funds is a very unique and an age old financial instrument. An estimated 4 million Indians across India use this form of lending and saving platform.

Chit funds have been playing a stellar role in giving access to credit to almost every citizen who has no access to formal financial system. In fact, majority of the people borrow money from chit funds for education of their children, marriage, medical expenses and for building a house. This unique structure of lending makes chit funds a very unique financial instrument. In the recent years, the number of chit fund companies being registered is decreasing. A major reason for this trend is the complex regulation and high compliance cost and unfeasible taxes. The Standing Committee on Finance have made good recommendations and I do not know why the Government has chosen not to implement them. In the recent years,

there has been cheating by very reputed companies of the deposits of poor people. In some cases, action has been taken but in many cases the subscribers have lost their hard-earned money. I demand that there should be a mechanism in place to ensure that the subscribers do not lose their hard-earned money. Banks should give loans to the small-scale unit so that the poor people are benefitted and are not exploited by the unscrupulous companies lending money in the garb of chit funds. Another important aspect affecting chit funds is GST. At present, 12 per cent GST is levied on foreman's earnings. This percentage is very high considering the fact that Non-Banking Financial Companies enjoying almost nil or very less percentage of GST. Therefore, I would request the Government to consider exempting chit funds from GST or to reduce it from 12 per cent to 5 per cent. I also request the Government to do away with the complex procedures. To prevent cheating by chit funds, a robust mechanism should be in place and a regulatory authority may be considered for this purpose. Besides this, I would like to say that in 2017, the Government had sanctioned Rs.34 crore to maintain the NH 47. Two years have passed but nobody has taken care of that road. I request the Government to maintain this National Highway perfectly.

***SHRIMATI LOCKET CHATTERJEE:**

SHRI JAYADEV GALLA: We have more than 30,000 registered chit fund companies in the country with a turnover of more than Rs.40,000 crore. But

* Please see Supplement

if you look at the unregistered chit fund operators, they are 25 times more than the registered ones. The chit fund industry is unregulated and under-governed. We have innumerable examples of lakhs of people being duped by unregulated deposits. It is happening in spite of the Chit Funds Act, 1982, preventing such chit funds from being operated. When the parent Act itself is not able to control and contain the unregistered chit fund operators or companies, how does this Bill help in containing them? South India accounts for one-third of the country's chit fund business. I request the hon. Minister to kindly consider giving chit funds also 90 – per cent abatement and remove GST on chit funds as is the case with NBFCs. There is a need to provide the insurance cover for deposits or subscription to chit funds. With these observations, I support the Bill.

SHRI N.K. PREMACHANDRAN: This Bill is intended to amend the original Act of 1982. Chit funds business is a unique mode of financial business in which credit and savings are in the same scheme. This is a great relief in addressing the needs of low-income households. There have been many scams and fraudulent transactions cheating many subscribers during 1960s and 1970s. Now, it is being well regulated in the State of Kerala. The Government of India had constituted a Key Advisory Group to review the existing framework for the chit funds in this country. The sole recommendation of this Key Advisory Group was to reduce the regulatory burden of the chit fund business and to protect the interests of the subscribers to the chit fund companies. The Parliamentary Standing

Committee on Finance has also have the same recommendation that the regulatory burden should be reduced and at the same time the interests of the subscribers should be protected. There is an amendment to Section 2(b) of the Act. By this amendment, Government is formalizing all informal financial transactions. It will be adversely affecting the collectiveness of people in the rural areas.

SHRI DILIP GHOSH: Chit fund was envisaged for the help and support of the poor but it has been misused as an instrument to loot them. This is very deep-rooted. This has especially tarnished the image of people in politics. Poor people invest their money because of faith but their entire investment has been looted. I feel the steps the Government is taking are very good. Hon. Finance Minister should address all the issues raised hon. Members. More than 250 chit fund companies are there in West Bengal only. This Bill should certainly be passed rather it should be made more stringent.

The discussion was not concluded.

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SNEHLATA SHRIVASTAVA
Secretary General

**Supplement covering rest of the proceedings is being issued separately.

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NOTE: It is the verbatim Debate of the Lok Sabha and not the Synopsis that should be considered authoritative.

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