

**THE
PARLIAMENTARY DEBATES
OFFICIAL REPORT**

[VOLUME 7]

**PROCEEDINGS AND DEBATES OF THE FIRST SESSION OF THE NATIONAL
ASSEMBLY OF THE THIRD PARLIAMENT OF GUYANA UNDER THE
CONSTITUTION OF GUYANA**

97th Sitting

2 p.m.

Wednesday, 23rd June, 1976

MEMBERS OF THE NATIONAL ASSEMBLY

Speaker

Cde. Sase Narain, O.R., J.P., Speaker

Members of the Government – People's National Congress (50)

Prime Minister (1)

Cde. L.F.S. Burnham, O.E., S.C.,
Prime Minister

(Absent – on Leave)

Deputy Prime Minister (1)

Cde . P. A. Reid,
Deputy Prime Minister and Minister of
National Development

(Absent – on Leave)

Senior Ministers (9)

Cde, H.D. Hoyte, S.C.,
Minister of Economic Development

*Cde. H. Green,
Minister of Co-operatives and
National Mobilisation

(Absent)

*Cde. H.O. Jack,
Minister of Energy and National Resources

(Absent)

*Cde. F.E. Hope,
Minister of Finance

*Cde. S.S. Naraine, A.A.
Minister of Works and Housing

*Cde. G.A. King
Minister of Trade and Consumer Protection

(Absent – on Leave)

*Cde. G.B. Kennard, C.C.H.,
Minister of Agriculture

*Cde. C.L. Baird,
Minister of Education and Social Development

(Absent)

***Non-elected Ministers**

*Cde. F.R. Wills, S.C.,
Minister of Foreign Affairs and Justice (Absent)

Ministers (5)

Cde. W.G. Carrington,
Minister of Labour (Absent)

Cde. S.M. Field-Ridley,
Minister of Information and Culture

Cde. B. Ramsaroop,
Minister of Parliamentary Affairs
and Leader of the House

*Cde. O.M.R. Harper,
Minister of Health (Absent)

*Cde. C.V. Mingo,
Minister of Home Affairs

Ministers of State (9)

Cde. M. Kasim, A.A.,
Minister of State for Agriculture

Cde. O. E. Clarke,
Minister of State – Regional
(East Berbice/Corentyne)

Cde. P. Duncan, J.P.,
Minister of State – Regional (Rupununi) (Absent – on leave)

Cde. C.A. Nascimento,
Minister of State,
Office of the Prime Minister

Cde. K.B. Bancroft,
Minister of State – Regional
(Mazaruni/Potaro) (Absent)

Cde. J.P. Chowritmootoo,
Minister of State – Regional
(Essequibo Coast/West Demerara) (Absent – on leave)

*Cde. W. Haynes,
Minister of State for Consumer Protection (Absent)

*Cde. A. Salim,
Minister of State – Regional
(East Demerara/West Coast Berbice) (Absent)

*Cde. F.U.A. Carmichael,
Minister of State – Regional (North West)

Parliamentary Secretaries (6)

Cde. J. R. Thomas,
Parliamentary Secretary,
Ministry of National Development (Absent)

***Non-elected Ministers**

Cde. M.M. Ackman, C.C.H.,
Parliamentary Secretary,
Office of the Prime Minister,
and Government Chief Whip

(Absent – on leave)

Cde E. L. Ambrose,
Parliamentary Secretary,
Ministry of Agriculture

Cde. S. Prashad,
Parliamentary Secretary,
Ministry of Co-operatives and National Mobilisation

Cde. R.H.O. Corbin,
Parliamentary Secretary,
Ministry of Education and Social Development

Cde. M. Corrica,
Parliamentary Secretary,
Ministry of Works and Housing

Other Members (19)

Cde. L.M. Branco

Cde. E.M. Bynoe

Cde. E.H.A. Fowler

Cde. J. Gill

Cde. W. Hussain

Cde. S. Jaiserrisingh

Cde. K.M.E. Jonas

(Absent)

Cde. M. Nissar

Cde. L.E. Ramsahoye

Cde. J.G. Ramson

Cde. P.A. Rayman

Cde. E.M. Stoby, J.P.

(Absent)

Cde. S.H. Sukhu, M.S., J.P.

Cde. C. Sukhu, J.P.

Cde. H.A. Taylor

Cde. R.C. Van Sluytman

Cde. L.E. Willems

Cde. C.E. Wrights, J.P.

(Absent)

Cde. M. Zaheeruddeen, J.P.

Members of the Opposition (16)

(i) People's Progressive Party (14)

Leader of the Opposition (1)

Cde. C.B. Jagan

Deputy Speaker (1)

Cde. Ram Karran

Other Members (12)

Cde. J. Jagan

Cde. Reepu Daman Persaud, J.P.,

(Absent - on leave)

Cde. Narbada Persaud

Cde. C. Collymore

Cde. S.F. Mohamed

(Absent – on leave)

Cde. L. Lalbahadur
Cde. B. James
Cde. C.C. Belgrave
Cde. R. Ally
Cde.Dalchand, J.P.
Cde.Dindayal
Cde. H. Nokta

(ii) Liberator Party (2)

Mr. M.F. Singh

Mrs. E. Da Silva

(Absent – on leave)

OFFICERS

Clerk of the National Assembly - F. A. Narain

Deputy Clerk of the National Assembly – M.B. Henry, AMBIM

PRAYERS

ANNOUNCEMENT BY THE SPEAKER

Leave to Members

The Speaker: Leave for today's sitting has been granted to the Cde. Prime Minister, Cde. Minister King, Cde. Minister Duncan, Cde. Ackman, Cde. Sheik Mohammed and the hon. Member Mrs. DaSilva.

PRESENTATION OF PAPERS AND REPORTS

The following Papers were laid:

1. (a) Customs (Exemption from Duties) (No. 2) Order 1976 (No.46), made under section 8 of the Customs Act, Chapter 82:01 on the list of June, 1976, and published in the Gazette on the 12th of June, 1976. [**The Minister of Finance**]
- (b) Financial Paper No. 4/1976 – Schedule of Supplementary Provisions on the Current and Capital Estimates for the period ending 31st May, 1976, totaling \$80,314,714. **The Minister of Finance**
- (c) Privileges and Immunities (Commonwealth Secretariat) Order 1976 (NO. 52), made under section 13 of the Privileges and Immunities (Diplomatic, Consular and International Organisations) Act 1970 (No.26), on the 14th of June, 1976 and published in the Gazette on the 15th June, 1976. [**The Minister for Parliamentary Affairs and Leader of the House on behalf of the Minister of Foreign Affairs and Justice**]

2.05 p.m.

PUBLIC BUSINESS

BILL – SECOND AND THIRD READINGS

CO-OPERATIVE FINANCIAL INSTITUTIONS BILL 1976

A Bill intituled:

“An Act to make provision for the establishment and functions of the Co-operative Finance Administration and Co-operative Financial Institutions under its Jurisdiction.” [**Minister of Finance**]

The Minister of Finance (Cde. Hope): Cde. Speaker, we have before us this afternoon a Bill intituled Co-operative Financial Institutions Bill, 1976, and I shall be making a request for it to be read a Second time. Before doing so it would be useful if I were to give, for the benefit of the House, the background, the rationale and the purpose which underline the Bill.

We are in the process of implementing a programme of development within the country which programme has as its objective the development of agriculture on the basis of which the people are to be fed, the development of forestry and housing on the basis of which people are to be housed, and the expansion of agriculture and manufacturing on the basis of which people are to be clothed.

We also are in the process of re-organising our economy, revising its institutional framework so as to make those institutions which must be an essential tool or essential tools function efficiently and effectively for the creation of a society which is our objective. In the course of looking at these institutions we recognize that there are certain shortcomings. For one thing, there has never been although we had and although we have been supporting agriculture we had never had, until a few years ago, an institution whose functions are essentially to provide credit to the agriculture sector, an institution which by its own commitment would see as its primary role the development of small scale agriculture, the assisting of small farmers to give them all an opportunity to make a decent living and to contribute, in the process, to the development of Guyana.

We have also recognized that savings of the economy have to be mobilized. We have always recognized certain shortcomings within the commercial banking system which shortcomings must essentially be a function of ownership and control which were external to this country and we recognised that we could not proceed apace in development and helping the masses of the people without changing, or introducing certain essential changes within the banking system.

We also recognise that savings which the economy could generate has been to mobilised so that they can be most effectively deployed within the economy within the general thrust and objective of the Government. It was in that spirit, particularly recognizing as we did the essential and crucial role which the co-operative sector had to play in terms of the economic development of this country, that it became necessary to set up an institution whose function would be not only to help the co-operative sector to save but also to help the co-operative sector to develop this country through making available to its credit on suitable terms.

Similarly, Cde. Chairman, as we propose to house the nation as rapidly as possible we recognise that certain things had to be done. One of those things was the development of the forestry sector and the other was the financing of mortgages for home owning. Not only was it necessary to ensure that funds were mobilized and channeled for the purpose of achieving our objective of housing the nation, we had to ensure that those funds came on terms which were designed to meet the needs of the people. And it was clear that a new institution had to be set up whose function would be to provide credit in adequate amounts for housing, to provide credit on

proper terms, relatively low interest and relatively long periods of time and it was within that understanding that we took steps three years ago to set up a special institution for that purpose.

In effect, the institutions I have been speaking about over the last few months were the Guyana Co-operative Agriculture Development Bank whose function was, and still is, to assist in the development of agriculture through the provision of credit on suitable terms, terms which recognise that we are dealing in many cases with people who do not have collateral security to offer as was demand traditionally by the traditional lending institutions and the Guyana Co-operative Bank which was established in 1970 with a clear function to operate as a commercial bank providing means for mobilizing the people's savings and providing an institution which was designed to help the small would-be borrowers as well as co-operatives in their several efforts.

I have also been speaking, Cde. Speaker of the Guyana Co-operative Mortgage Finance Bank which, like the Guyana Agriculture Co-operative Development Bank, was established in 1973 to perform an essential function in making it possible for small people to own their own homes.

These institutions have been set up under different laws. The G.N.C.B., for instance, was set up under its own Act. The two development banks whose function, I said, was essentially developmental as distinct from the G.N.C.B, whose function were bound to be essentially commercial, were established under the Public Corporations Act, although we recognized that that Act was not necessarily the best Act under which the two banks could be set up. But we wanted to ensure in 1973 that there was the relevant institutional framework within which the objectives of the development programme could be achieved, and so we did not wait for an occasion for giving these two development banks their own law although we recognized that there were several reasons why that was the most desirable way of setting them up. So these two development banks were set up under the Public Corporations Act.

Today, the Bill we have before us is seeking to provide those banks with the kind of legislative base hat was initially conceived for them. And that, Cde. Speaker represents one of the essential reasons why we seek today to present this Bill for a Second reading.

But, Cde. Speaker, since 1970, the Government also has been taking certain very positive steps to take control of the dominant sector within the economy. We are now in control of the bauxite sector; we are now in control of the sugar industry and a number of other enterprises in trading and in manufacturing. One of the necessary spin-offs to all of his is to ensure that we pay the minimum for overseas services, in other words, that we spend as little as possible for

overseas services, that as far as practicable we rely on our own institutions for necessary services.

It is well known that, in the area of services, insurance represents one of the biggest leakages of foreign exchange from our country and I say leakages not in an illegal sense, I use the word “leakages” essentially as an area in which we lose foreign exchange, through the need to purchase services overseas or because of the fact that our institutional framework was not sufficiently developed in order to ensure that we provide ourselves with the services that we can certainly render.

Millions of dollars go overseas today for insurance. When the major industries which really represent the chief business firms which have to buy insurance from abroad at high cost, when these industries were owned by private individuals, when they were in foreign hands, the need for ensuring that we try to maximize our local services was evident. Today when we own these resources, when we control them, when they no longer foreign owned, the need for when we control them, when they are no longer foreign owned, the need for rationalising our financial structures becomes even more critical.

That constitutes one of the reasons, why we seek as part of the intention which flows from this Bill, to set up a co-operative insurance service whose function would be to operate in all spheres of insurance, except in, perhaps just one or two fields.

In short, when this Bill is passed, we hope, on the basis of that Act, to establish a co-operative insurance service which will do general insurance business, insuring all forms of business, all forms of property against most forms of risks. In this way, we expect, Cde. Speaker, to make substantial savings, represented by money which would remain in this country which would otherwise have gone abroad for payment of these services.

In saying this, I do not wish to imply that from henceforward there will be no need. I expect that in the immediate months, maybe in the immediate year or so, there will still be no need by the Guyana Co-operative Insurance Service, as we want to call it, to do some form of its own insuring or re-insuring overseas but we expect that even that will decline with time. The important thing is that we would have made an important beginning in development an institutional framework, particularly in the area of insurance, which is bound to yield, through growth, to a greater amount of insurance funds remaining within this country for the benefit of this country.

But that corporation, will not confine itself to the insuring of property; it will also get into the area of life insurance. And in the process it will pay substantial regard to the needs of the co-operative sector ensuring that there are devised group schemes for insuring co-operatives as a

group, that there are schemes for insuring co-operative property at a cost which is significantly lower than can be had today from other sources.

2.25 p.m.

We expect to ensure that the corporations and the Government business enterprises, which have to insure, go through the activities of this particular co-operative insurance to get insurance at cheaper rates. This would be achieved not through any dilution of the quality of insurance coverage but essentially through the large bulk of insurance which this particular service would have available to it to carry or to disperse. We expect to see substantial development in this area which underscores the need for an institution of this kind at this point in our history. But in concept the system of financial institutions, the institutional framework in the financial field, which we are seeking to establish, goes beyond our own commercial bank, goes beyond development banks operating in critical areas, goes beyond an insurance service, to provide the back-up insurance services.

We will also cover a trust company, a company which is a corporate trustee. At the moment we have the beginnings of that corporate trustee in the G.N.C.B. Trust Company which was really an off-shoot of the Guyana National Co-operative Bank. Today, circumstances have changed substantially since that institution was devised. We have been saying since 1971 that pensions funds must be repatriated from abroad to the extent that such funds were invested abroad. The records will show that most of such funds were in fact invested abroad. Those funds must be brought back and be administered by a corporate trustee that is resident within the country. In fact, it was this kind of call as part of Government's policy dating back to 1971 that the Bookers Overseas Pension Scheme (Guyana) which pension scheme we have taken over since the nationalization of Bookers enterprises in Guyana. But we did say, as a necessary condition, that all these pension schemes should have a resident corporate trustee. Since then, we have the Guybau Pension Scheme which was administered by the G.N.C.B. Trust and very recently, since the nationalization of these Bookers enterprises in Guyana, what used to be the Bookers Pension Scheme, the pension scheme affecting the former Bookers employees, is now administered by the G.N.C.B. Trust Company as the resident corporate trustee.

We expect other pension schemes, not quite as large as those two, similarly to have a resident corporate trustee. Obviously, it is only a very large scheme that can have its own corporate trustee as the former Booker Pension Scheme (Guyana) was able to have. There are numerous other pension schemes, in public corporations, in smaller business enterprises, which need a trustee, and they will have to go to an existing corporate trustee. We think that the G.N.C.B Trust Company provides that kind of framework, that kind of institution to which all the pension schemes can be directed, at least, the schemes which form part of the public sector.

It is for this reason that we want to give the G.N.C.B. Trust Company its own individuality not only in law but in image. We want to ensure that it is recognized as part of a scheme of things and in those circumstances we propose to bring together this family of financial business organisations, all of them doing the same thing, in effect, supporting the Government's trust in providing service to the people, supporting the need of the public corporations in various ways, whether it is for commercial financing, or commercial banking services, whether it is for insurance services, whether it is for trust services, where there is a pension scheme.

2.35 p.m.

We hope to gain economy, we hope to have more effective operation, great efficiency by ensuring that they operate in a way that is consistent. While, therefore, we would hope to have as one group these five or so institutions, we need at the same time to make certain that we have a body which can ensure that they operate in a co-ordinating sort of way, that there is a body which can set broad and general policy guidelines, a body which can ensure that the policies followed by the individual institutions and the individual responsibilities are not only consistent as between themselves, but they are consistent with the socialist objectives of the nation.

Accordingly, Cde. Speaker, we will seek to establish financial administration as a corporate body which will be in a form of an umbrella organization with certain specific advisory functions. The Board, with its very small staff, was able to formulate policies in consultation with these institutions to guide them, as I said, to make sure that they operate consistently, not only as among themselves, but within the socialist objectives.

All of these institutions would have an essential characteristic. They would provide and expect participation from the mass organisations, the co-operatives and the trade unions. They expect participation at the financial level and there will be participation at the Board Level. In fact, the equity capital of these institutions will be provided, by the Government, the co-operatives, the trade unions, the credit unions, the credit societies and so on. Private individuals will not be eligible for participating in the equity of any of these institutions. The membership, the shareholding, if there are shares, will be confined to the Government, the co-operatives, the trade unions, the credit societies.

This is not to say that private persons may not contribute to the capital of the institution. They would contribute to the capital in a form where they can exercise no control and that is a loan capital, which brings a fixed interest, a fixed payment period and so on. In fact, that will ensure, we expect, that the institutions are seen not only as institutions aiding the co-operatives and public sector, but as institutions which are essentially owned and controlled by the public sector, the co-operatives and the trade unions.

Some of these organizations, as I have said before, have been in operation before. The G.N.C.B., as I said earlier, was operating since 1970. The Agricultural Co-operative

Development Bank was in operation since 1973 and the Co-operative Mortgage Finance Bank since 1973 as well. In the course of those years all three of these institutions have demonstrated their worth, have demonstrated wisdom in their establishment.

Let us look at the G.N.C.B., for instance. Starting at the end of 1970 with a deposit of just about \$6million at the end of December 1975 deposits had reached \$92 million, an increase, if it is correct, of almost \$70 million in about five years. Similarly, the Bank has been able to contribute to the operations of the nation. If one looks at its lending portfolio, one sees outstanding loans at December, 1975, were no less than \$37 million and an amount of some \$42 million was invested in Treasury Bills with the Government.

So not only was the Bank providing an effective institution for mobilizing the savings of the nation, but it was also contributing to the financial need of business enterprises within the country as well as the short-term borrowing of the Government. The Bank has assisted public corporations. Indeed and in fact, the Bank supports a number of the Government institutions which are trading and, in the process of these years, the Bank has expanded its horizons. It is not only functioning with the domestic economy, but it is functioning very strongly externally. The bank has banking relationships with a number of some of the biggest banks in the world, in the United States and Canada, in London and so on. These relationships are used to facilitate the movement of funds, to facilitate external transactions, payments and receipts, and this, I think, must be seen as a very important development because not only, as I said earlier, has the Bank been able to provide growing banking services within the country, it has been able to provide banking services externally as well and that is very important. Even more important, through the Bank we are having exposed to banking a number of Guyanese who know they are working for an indigenous institution which, in my view, is very essential elements in our whole development.

The Agricultural Co-operative Development Bank has similarly been affected. Starting only in 1973 – the middle of 1973 it was – by the end of 1975, some two and a half years later, the Bank was able to permit loans amounting to just under \$20 million and to disburse some \$13million of that amount. It has always been a problem with development institutions that they can commit loans but invariably find it difficult to disburse those loans effectively. I think it stands to the credit of the Bank, working under certain constraints which we are trying to remove through this piece of legislation that it has been able to disburse such a large percentage of its loan commitment.

The Bank has found that its lending has straddled practically all the crops. It is lending in rice, it is lending in sugar, it is lending in coconuts, ground provision and so on. It is lending throughout the country; it is lending small farmers. More than that, the Bank is also lending for fishing. A number of small people operating boats, in once case a trawler, have been able to find accommodation at the Bank.

The bank is also lending to the forestry sector. So in these areas, through its lending, the bank over the last 2 ½ years, has been able to inject some \$13 million of capital within the country, capital which is designed to generate production.

What is even more significant is that most of the capital comes on easier terms to the people. It comes at lower rates of interest, effectively, than these borrowers could have got from other sources. I think the most significant contribution to change is that the bank has been able to lend without necessarily insisting in all cases on collateral. The bank has been able to lend based on the reputation of the farmer. It has lent to co-operatives and, in deed and in fact it is only when the bank is in extreme doubt, in the area of co-operative lending that it has come to the Government for a guarantee and that guarantee has been forthcoming.

2.45 p.m.

What here we have devised is a bank within the co-operative sector which is trying to correct or avoid some of the difficulties which small borrowers traditionally encountered from the traditional lenders, the commercial banks. It has saved many small farmers from the high interest rates and the unconscionable conditions attached to loans given by money lenders. And, naturally, of course, it should be noted that the bank is intended to operate as a development institution. This is why it takes more risks and it is designed to take more risks than, say, the G.N.C.B. which is essentially a commercial bank. This is why the Bank would, nevertheless, want to collect its funds.

So while the Bank would attach a relatively low cost to its lendings it would obviously want to take steps to collect its funds because it must be viable and funds lent to one farmer must be available in due course for lending to other farmers or, for that matter, to the same farmer on another occasion, so that this money can fully and effectively be utilized. In fact, it stands to the credit again of the bank in its operations over the last 2 ½ years that it has been able to borrow funds from the Caribbean Development Bank. As a matter of fact as an M.D.C. the first loan this country got from the Caribbean Development Bank was for agriculture through the Agricultural Co-operative Development Bank.

Admittedly, the Bank can do more. Its resources are expanding and one of the constraints in terms of expanding its resources through lending by the World Bank for instance, has been the fact that the Bank does not have its own charter and the Bill we are now debating is a Bill which is designed, in due course, to provide that bank with its own charter on the basis of which, and after which, we expect that some of the constraints that the bank has experienced in terms of mobilizing of resources, both domestically and externally will be removed.

But, Cde. Speaker, it is in the mortgage bank that we find the greatest amount of social advantages being provided by a financial institution. The instructions given to this bank, are to operate largely, I would not say exclusively but almost exclusively, in the low income housing areas.

Here the bank will make funds available for mortgages, particularly as I said, in the case of low income housing and the rates of interest are extremely low. It is just 6 percent at this point in time in the case of Co-operative Housing Scheme and I think just about 6 percent as well in the case of self-helping housing. Apart from self-help housing and / or co-operatives housing, loans will go up to 7 ½ per cent. But what is even more important, unlike many leading institutions, the bank does not calculate its interest on an annual rest which must cost the customer more. It calculates its interest on a monthly declining balance which is the minimum possible. The effect of that is to give the customer an effective 6 per cent and not 9 per cent if it is stated on 6 per cent and not 10 percent if it has been stated as 6 percent which is the case if the rests are annual or even semi-annual. That is an important saving.

Also, unlike the ordinary lending institutions, the bank will lend up to 90 percent of the cost of house and land. In other words, the prospective house owner needs to contribute just 10 percent of the total cost of house and land. There is no other lending institution in the country that performs in that way. Any over the period the Bank has lent something in the area of \$13 million to 14 million on mortgages alone.

So that we have in the Mortgage Bank an institution which is designed to help people in the lower income brackets to own their own homes. And that is a very substantial social function. It does so at a minimum cost because that bank operates not as a profit-making institution. As a matter of fact, both of the development banks are practically not-profit. Their role is to make surpluses. Their role is to create development and that is the way they have been operating.

We hope that with the new legislation we will have the base to ensure that the banks do not encounter the same kind of constraints they are now facing in terms of mobilizing more capital. We hope that when this law comes into effect the Board can be expanded which will facilitate approvals because it will then be possible for the Board to meet more of ten because the quorum will be smaller relatively. I have already explained how the other institutions will seek to operate.

Now, in the process of recognizing that these institutions must play a very important role in terms of assisting the people, the banks have branches in different parts of the country. The G.N.C.B has a number of branches in Georgetown, New Amsterdam, Corriverton and the Essequibo and we are now contemplating other branches to serve the people more effectively. The Agricultural Co-operative Bank also has branches in Georgetown, in New Amsterdam, in West Berbice and in Essequibo. I think the same thing applies to the mortgage bank. In this way we hope to bring the bank's service closer to people so they can reach to these service more quickly and at least cost.

In the case of the insurance service, obviously we do not at this point in time contemplate branches in the immediate months, though, of course we will have branches soon after.

But there too, conscious of the need to ensure that their services are always conveniently available, the insurance service when it is established will not have hours as existing insurance companies. I understand that most insurance companies operating in Guyana today are not available on Saturdays. I want to assure this House that we will ensure that the insurance service like the Mortgage Bank, like the Agricultural Bank, like the G.N.C.B., like the Trust Company, as a matter of fact all the public corporations, will be available six days a week to serve and to meet the need of the people. This will be particularly useful for our rural comrades who would find, in some cases, Saturday mornings a more convenient time for business, taking into account their own vocations.

Eventually, Cde. Speaker, I expect, again for convenience, the main offices of all the banks and insurance company to be located on a single site, and in a Financial Paper which I have laid today will be seeking authority of some funds to begin the construction of a large office building where the old Chronicle now stands in Main Street for the purpose of housing the main offices of all these financial institutions.

The Bill we have before us does not imply that we are taking over any financial institution existing in this country at the moment, whether it is a bank or an insurance company. Government's policy in this area, in my view, must be informed by the views and recommendations of two Committees which are still working. One is a Committee on foreign investment, and another, a larger Committee recently set up, on restructuring of the economy.

After these Committees have reported, I am sure that we find within their recommendations useful guidelines for policy in this area. The Government and the Party recognise that the financial sector must be brought within the framework of our socialist thrust, and must be organized to respond to the goals which we have set within the domestic economy.

Nevertheless, the Bill that we have before us will enable the Government, in conjunction with the co-operatives, to enter strongly in the banking and insurance sectors. It will also ensure that the public sector begins to play a leading role in this field in the interest of the masses.

Cde. Speaker, before I close my remarks, may I say what perhaps should have been said before that in accordance with Article 80(2) of the Constitution Cabinet has given its consent for this Bill to be proceeded with in the Assembly.

I trust that what I have done is to present a picture of the kind of financial structure that we are seeking to establish as part of the public sector for the important purposes of serving the people's need. I therefore trust that the Bill and its terms will find ready acceptance by the House. When the individual institutions are to be set up an Order according to the Bill will be made and laid in the House.----- But I wish to assure the House that the Government, in taking this step, considers it is taking a very forward-looking step; it is taking very strong action to get in a position where it can exercise control and ownership within that very important sector, the

financial sector. Consequently, Cde. Speaker, I wish to move the second reading of this Bill.
[Applause]

3.05 p.m.

Question propose

The Speaker: Cde. Ram Karran.

Cde. Ram Karran: Before we give the support the hon. Minister asks for this measure, sir, we would like to get some further clarification on the measure before us. The hon. Minister has been at great pains to deal in some great detail about the full working week, Saturday and all. But, in other respects, he has not dealt with the Bill in such a way as to give us the type of satisfaction the Opposition looks for.

First of all, sir, we note that all these institutions are co-operative and in the hon. Minister's explanation these institutions will be serviced for equity mainly from Government, from co-operatives, from friendly societies, and from trade unions. But, as I understand it, a situation already exists in the case of the Guyana National Co-operative Bank but that, we submit, does not make the Guyana National Co-operative Bank into a co-operative. Similarly, the Guyana Mortgage Finance Bank and the Guyana Agricultural Co-operative Development Bank are not, in the strict sense of the word, "co-operatives". The hon. Minister seeks, quite rightly I think, to prevent other people from using the word "co-operative" in their businesses or in their enterprises and he does exactly that in the case of these institutions I referred to. Are they going to be co-operatives? Are they going to be, in the future, co-operative institutions, as we understand co-operatives? Or, are they merely going to carry the name "co-operative" in the so-called "slogan" of the Government? Sir, we ought to get some explanation to that.

The hon. Minister went on to deal with certain aspects of housing and, in fact, I felt that I was asleep for a little while. I remember the slogan of "feeding", clothing and housing the nation by 1976" some years ago. Admittedly were not here, but I used to hear that slogan outside and the hon. Minister seems to be like Rip Van Winkle caught up again with the slogan of "Feeding, Clothing and Housing the Nation by 1976 and I wish most certainly to see these lofty ideas of the Government achieved within the next seven months. However, we will do our best to see that they are achieved.

In doing so, I wish to point out certain things in the case of housing. If you look at the records which, unfortunately, I do not have in front of me, with respect to the sugar workers whose housing scheme cannot be bettered by anything the Government is offering, a contribution made by the workers themselves. They get a loan of \$3,300 to build their homes with the land developed by the Sugar Industry Labour Welfare Fund and sugar workers have been building their houses. What has put the brake on recently is that they have not been able to get the land. Perhaps because of non-co-operation on the part of the sugar industry which, fortunately, is not out of the way and, more recently, by the acquisition of land, which could have been used by

these workers, by the Government. Repeated representation has been made to the Government to release some of these lands so that these people with large families, some of whom live with their fathers and are fairly comfortable as compared with those who live with their mothers-in-law. Everyone knows what can happen there with nine and ten children. But the Government will not release the land. Therefore, the Sugar Industry Labour Welfare Fund Committee cannot make loans, under these very generous terms, available to the people.

But what is the Government doing? Organising these people, saying to them “Come in our self-help schemes and our co-operatives schemes.” - I was there at the Ministry of Works and Housing with the hon. Minister and his advisers. “What is the cost of one of these houses?” “Oh, we can’t tell you, but it is going to be between \$8,000 and \$10,000.” “And at what rate of interest?” “We don’t know.” I am grateful to the hon. Minister for saying today that the rate is 6 percent but even that is greater than what the sugar workers now enjoy by law. Why do you deprive them of the conditions they now enjoy to put them under co-operatives and to put them under self-help schemes and they have to join the P.N.C. and submit to all sorts of conditions. The lands are there around all the sugar estates. Release the land and let the Sugar Industry Labour Welfare Fund develop the land so that the people can have it.

Sir, we are leaving all that and we are organizing them on the Mortgage Finance Bank and telling us here that it is going to be cheaper than what that section of Guyanese working class can afford. I cannot understand that.

Another thing that the hon. Minister did not explain: We have these institutions at the moment; we have the Guyana National Co-operative Bank; we have the Mortgage Bank; we have the Guyana Agricultural Co-operative Development Bank; the hon. Minister told us them. What has gone wrong with them? Surely the Government must have given the matter a great deal of thought before they were set up and if you look through the records, sir, you will see the songs they sang when these institutions were set up. Surely if they knew that today they were going to change it, they should have been able to explain. I did not want to hear whether the people will work on Saturdays or whether they will work on Good Friday, whether they were Seventh Day Adventist or what. I want the Minister to tell us why these institutions which he said have been functioning – they lend so much money’ they have done this; they have done the other - why do we want to change the law to make the hon. Minister the dictator? That is what this Bill says here if you read it. [**Cde. Ramsaroop**: “It is implied”]. I thank my friend the lawyer, sir, it implies -- [**Interruption**]. Sir, we took this stand some time ago and I think the Government – I do not want to accuse anybody over there but we had a Credit Corporation. In the later stages, the hon. Minister of Agriculture – he was one of the Ministers of Agriculture – was the head of it. He knows the working of that. That institution lent money for agriculture; it lent for housing; it lent for fishing; it lent for almost everything. It had one set of officers throughout the country to service all these services.

3.15 p.m.

Today, my friend the hon. Minister tells us that each of these banks will be setting up its headquarters not only in Georgetown but each is going to have branches all over the country. Indeed they will have officers all over the country so that each of them will go and examine that. A man wants to build a house, somebody will have to go and examine that. Another person wants a pin seine or a Chinese seine, they have to examine it and they will send another man. That does not go for cheaper services unless the Government is going to use these institutions to provide employment for people, jobs for the boys, in a situation where the Government does not seem to be able to generate enough mental power to provide employment for people on a socialist basis.

There is nothing that I say here which shows that our party is opposed to the Government garnering and controlling the finances of the country. We go further and say let us nationalize the banks now and the insurance companies. [Cde. Nascimento: “The buildings?”] Not the buildings, the institutions. But the Government wants to go this way. It wants to go the soft way. We do not quarrel with that. We do not want anyone to believe that we are opposed to the complete control of our economy.

The hon. Minister seems to peddle, as is so often done, the idea that co-operatives will bring salvation and the achievement of the socialists goal. We take a view different from that. I am sure that one of my colleagues who will speak after me will deal with that aspect of it. As I said, we are not opposed to the mobilisation of capital funds within our economy. We strongly support that but here again we want to know why these institutions require, what the Minister calls, “umbrella legislation”, if the existing Ordinance is not functioning, the Minister must tell us what has happened.

The Minister wants to get power to direct not only in a general way but in a special way not only the policy but the recruitment of personnel. [Interruption] That is what I understand. The Minister must tell us why it is he wants to have such powers. I do not think the Guyanese entering one of these institutions will not recognise that somebody has given the directions so far as employment in these institutions is concerned. It seems that they want to institutionalize it, to make it law. The Minister should tell us whether that is so.

Another question I would like to ask the Minister – he talked so much about co-ops – is whether loans from these institutions will go only to co-ops or whether individuals will get loans and whether their terms of repayment will be more onerous than the terms for the co-ops and the sort of societies the Government would like to develop.

In passing, I should like to make the observation, I do not know if it is the responsibility of the Minister of Finance but there has been a tremendous outcry by people, in the farming community especially, in relation to the discrimination that is meted out to them in so far as loans and reliefs are concerned particularly over this recent rainy season. The whole of the North West is now flooded. I am sure the hon. Minister of Agriculture is aware of that. I do not

know who got the loans or who got the relief in the recent floods in the North West, if any was available, but I do remember reading in the newspapers that some people got.

I wonder whether these institutions are going to grant the loans or whether it will come direct from Government funds but I hope the sort of thing the people complained about in the last flood is not going to repeat itself. That applies also to the farming community on the coastlands, particularly the rice farmers. The people who produce, the people who work hard, the people who cannot afford to replace their crops are the ones who need the assistance rather than those whom we allege get the assistance. If these institutions are going to examine applications adequately, then I am certain the people who got the assistance are to the people who will get it in the future.

One word of advice I would wish to offer to the hon. Minister in so far as he insurance services are concerned, especially since the head of the institution is going to be a Minister and a Minister who has all his life been a civil servant – even in this Bill they seek to make teachers into civil servants in the traditional sense, so the hon. Minister will qualify even from the time he joined the service as a teacher. A Civil Service approach, whether you work on Saturday or Sunday, in the insurance business is not going to encourage people to do business with the National Co-operative insurance, or whatever it is, because the Civil Service approach to these things is not going to put confidence in the people.

Perhaps the lending institution, as is done in present cases in the insurance companies, will put pressure to ensure that people who take loans from the institution insure with it. Of course, it will then limit its business only to those to whom it gives loans but the members of the general public who needs insurance cover will obviously not come in. It has to have more or less the business approach rather than a Civil Service approach.

3.25 p.m.

We have listened very carefully to the hon. Minister and our contributions will be made, more or less, with respect to questions in the Committee stage. While the Minister dealt with the general principles of the Bill and even went, quietly liberally, outside of the Bill, he has not given us the sort of information which we expected from him.

I hope, sir, as I said at the outset, that when we have all made our contributions, the hon. Minister will be in a position to answer, specifically, those points and, if not covered, we will deal with them in the Committee stage.

The Chairman: Cde. Collymore.

Cde. Collymore: Cde. Speaker, the Bill before the house today is very significant in view of the fact that since last year our hon. Colleagues on the other side have pronounced in favour of Marxism/Leninism. To be specific, at the Congress which was held in August, a Resolution was passed which said that the People's National Congress adheres to the philosophy

as propounded by Marx, Engels and Lenin. We are glad to hear that and we welcome the Bill which is before the honourable House. We also know that there is another Bill which is coming shortly. My good friend Cde. Hamilton Greene will be piloting that one and it is intitled, “The Co-operative Societies Bill 1976”.

We, on this side of the House, gather from these happenings that the Government appears to be serious in moving towards socialism. We are not here to question the credentials of the members of the Government as to whether they are Marxists or not. We are here to ensure to the best of our ability that their credentials and their performance come together and march together and that there is not too much of a wide gap between the two.

Co-operatives are very important and we on this side of the House have always placed great stress on the co-operatives movement. For instance, since we both subscribe to the Marxist philosophy, I am sure I can quote from there are two basic forms of property in a socialist State and if we are constructing a socialist State we are going to have two basic forms of property: I am not speaking of personal property like a motor car or a shirt or furniture belonging to an individual in society, but productive property and property which makes an impact on the economy of the country. We have State ownership which is the very large enterprise, the big industry, as the Minister said in his speech, the commanding heights of the economy. All of these are state property, state ownership. Then there is co-operative ownership which is very important because it deals, actually, with the periphery of the state sector. I was very pleased to hear the Minister say in the latter stages of his speech that private persons will not buy shares in these institutions to be set up. Therefore, he means to ensure that only social vehicles committed to socialism, to the collective approach, are involved in these co-operative institutions.

I would like to quote from “State and Society” printed by the German Democratic Republic. This deals with the situation in the German Democratic Republic, dealing with the structure of the society there. We, in Guyana, have very close relations with the G.D.R. It states here on page 18:

“The construction of Socialist society is inconceivable without public ownership of decisive means of production and without Socialist planned economy. National ownership of all the major means of production makes it possible to work out long-term and annual economic plans for the whole social development of the Socialist state”.

It goes on to state:

“The most important form of Socialist property is nationally-owned property of society as a whole. It includes mineral resources, mines, power stations, dams and large bodies of water, the natural resources of the continental shelf, all industrial enterprise, banks and insurance establishments, the state farms, transport facilities and routes, the railways, shipping companies and air transport facilities, the installations of the postal and telecommunications services.”

Comrades, from this we see that the state sector in Guyana is not very different from what is laid down here. Coming on to co-operative property it states:

“Co-operative property includes the implements, machines, installations and buildings of agricultural, craft and other Socialist co-operatives and the jointly owned stocks of animals and the gains earned with co-operative means of production. Here, in contrast to the nationally-owned property, the owner is not the whole of society but the collective of co-operative members concerned.”

This means, therefore, that co-operatives are vital aspects of any development of socialism. Therefore, we welcome the Bill but there are certain areas with which we would like to take issue and to suggest to the Minister that changes be made. For instance, in the co-operative sector, financial institutions have to deal with the co-op; they have to finance the co-op. Therefore, they must be geared to finance the co-op in a manner which will increase production and increase productivity, and in a manner which will encourage various sectors of the society to enter the co-operative movement. Presently, the attitude of the Government, sad to say, is not attractive enough to encourage persons who are supposed to be in co-ops to enter co-ops.

We, in due course, will suggest to the Government areas where co-operatives can be made attractive. For instance, in the agriculture sector, there are many peasants, and socialism cannot be built with peasants. Socialism is built by state farms in the agricultural sector, co-operative ventures, co-operatives farms. The peasants by themselves are unable to build socialism, they have to be amalgamated, they have to be encouraged to go into co-ops, and this is a task for my good friend over there, Cde . Gavin Kennard. It is his duty to ensure that the farmers are collectivized.

3.35 p.m.

Cde. Chairman, co-operatives are to be in production, marketing, construction, communication services and finance. I was listening very carefully to the Minister’s speech and the Minister went to great length to paint all the banks in rosy colours, but the mere fact that the Minister has come to this honourable House today and suggested that a reorganization is necessary – because he actually says in this Bill, ‘reorganisation and re-constitution’ – means that something went wrong.

Cde. Chairman I can suggest what went wrong. There has been tremendous overlapping and too much bureaucracy. We do not need all these banks. If the Minister, when he says he is going to re-constitute and re-organise the whole set up. Means that there is going to be a more efficient organisaiton, he will command the undivided co-operation from this sector of the House.

I will deal now with housing and I am sorry that my other good friend, Cde. Steve Naraine, is not here. This sector of the F.C.H programme, so to say, lags behind in the remote distance, where achievement is concerned. I do not want to blame the Minister for failing in housing the people. I am blaming the system over which the Minister presides because he is not

given enough money to spend. The Cde. Minister must have more money to spend in housing or else our housing goal will never be achieved in our lifetime.

With respect to the disclosure by the hon. Minister, that the rate of interest given by the Co-operative Mortgage Finance Bank is 6 percent. We on this side of the House wish to state that 6 per cent, even as the Minister projected, is too high for co-operative housing and self-help housing. We, on this side of the House, are suggesting 2 percent if our comrades on that side are sincere in housing the people in a decent interval and if they are sincere in eradicating slums from the fair face of Guyana. We suggest 2 percent interest for all co-operatives and for all self-help groups.

Cde. Speaker, in the case of agriculture also we must express our disillusionment about the way in which Government has been financing agriculture ventures. Not enough money is being spent on agriculture. Here we have a very fancy booklet, the Guyana Agricultural Co-operative Development Bank Report and Accounts for 1974 with a very handsome fellow here, John. C. Yates, Managing Director. This bank was mentioned by the hon. Minister of Finance in very glowing terms. The bank is also starved for funds. He said that in a period of time when the bank was in operation, \$20 million were committed in loans. It does not mean to say that the loans were given out and he went on to say that \$13 million was disbursed by the bank. We can see that \$13 million in 2 ½ years is a disgrace for a Government which is socialist and which claims to be interested in agricultural drives. I am speaking not only on behalf of the People's Progressive Party but on behalf of the Minister of Agriculture who is perhaps embarrassed to ask Cabinet for more funds.

In 1974, the booklet says, the bank approved 501 loans amounting to \$7.5 million as compared with 216 loans amounting to \$3.5 million for 7 months in 1973. The point I wish to make here is that in 1974, while the bank approved loans to the value of \$7.5 million, only \$4 million was disbursed. This is woefully inadequate and it does not go towards enhancing the agricultural production drive.

These are some of the reasons why rice farmers cannot get machines; why ground provision farmers cannot get implements; cannot finance their crops and why? We are having a crisis in the agricultural sector today. Despite the propaganda claims of the Government, we have a big crisis particularly in the rice industry. We are very concerned about what is going on in the rice industry. We want to see production increased substantially but with the kind of logistics which the Government is committed to we do not feel that this is going to be achieved. If with the re-organisation and re-constitution of these financial sectors, these anomalies are going to be eradicated while we cannot be sure, we feel confident that there will be improvements.

We have information to the effect that 50 percent of the rice crop is still in the fields rotting and will have to be ploughed under. The Minister can give us his figures. The rice

farmers told us that half their crops are still in the fields. This is because of the lack of machinery – not enough combines, not enough tractors, poor dams etc.

The Government is always seeking to lay the blame on rainfall but if they are true socialists they will learn how to master rainfall. As true socialists they will learn how to master droughts. We know that our hon. Friends on the other side are only now beginning to study Marxism so they can laugh. But the real socialist Government makes provision for excessive rainfall. There are proper drainage systems, proper water control and, where droughts are concerned, they also make reservoirs. We have a land full of water. The name “Guyana” means plenty of water. Why should we, therefore, be embarrassed and hindered by the shortage of water and why should we be obstructed by excessive water? It seems that enough work is not being done on drainage and irrigation. There again my good friend Cde. Steve Naraine is involved.

The Co-operative sector, as I said, is very important because it is actually on the periphery of the state sector and if we are really to go along the route towards socialism, much more emphasis has to be directed towards co-operatives. For instance, there are various sectors in the society which needs to be co-operativised. The Government is doing very little where collectivizing the farmers is concerned and it is also doing nothing where collectivizing sector which we call the petty bourgeoisie is concerned. Nothing is being done but if we are to introduce socialism we have to deal with these sectors.

3.45 p.m.

Many of these farmers, many of these petty capitalist elements would willingly go into co-operatives and in doing so they would make the task of planning the economy much simpler but we see nothing new being done and this could be from ideological ignorance of my comrades on the other side. We have no doubt that if they continue reading, as we know they are reading, they will realise the importance of collectivizing these sectors to ensure that the socialist thrust – we know that there is a type of socialist thrust on the way –at least it will ensure the acceleration of this thrust because time is running out and it is incumbent upon us to mobilise the economy for any eventualities which we may be faced with. I therefore point out that we on this side accept the Bill and we are going to make an even greater contribution in the debate which is going to be forthcoming in the Co-operative Societies Bill because we will be able to speak more specifically about the functioning of co-operatives.

Cde. Speaker, I wish to leave the Government with the views that much more should be done in the co-operative sector, much more funds should be expanded on agriculture, especially, and in housing. **[Applause]**

The Speaker: Cde. Collymore, I wish to congratulate you on your maiden speech in this House and look forward to your further contribution which I am sure will be enlightening and full of merit.

Cde. Leader of the Opposition.

The Leader of the Opposition (Cde. C.B. Jagan): No, Cde . Speaker.

The Speaker: Cde. Minister of Finance.

Cde. Hope (replying): Cde. Speaker, one of the points raised by one of the comrades on the other side of the House was a rhetoric question: Why are we coming with this Bill now? There were three of these institutions already operating and therefore something must be wrong. I thought, in presenting the Bill, that I was at pains to point out that nothing was wrong. I explained that the two Development Banks were established under the Public Corporation Act which involved certain constraints in terms of the Board, for instance, and the fact that they were so established under the Public Corporations Act was not what we had conceived to be the final position. It was done in that way because we wanted to get the thing started, and having done it in that way the two banks were able to go into operation and have been operating for two and a half years helping people while we were preparing this piece of legislation. Perhaps the comrade would have preferred for us to wait and the people to continue to cry for help while we wait on this piece of legislation. But that was not the attitude of the Government. It certainly was not the policy of the Government. We set the banks up; they were operating, but now we are about to give them their proper constitution, properly organized to serve the people not merely well, but better than they have done in the past. So I wish to clear any misconception which the Opposition might be dwelling mistakenly, under, we have nothing to hide, the banks have not been operating badly. The fact that we are bringing this Bill has nothing to do with the quality of their operation; it just has to do with the need nearly three years ago to get them to bring money to the people.

Cde. Ram Karran raised the question about the Credit Corporation. We know that the Credit Corporation – and I think I pointed this out before - was an institution set up in a colonial era, it was a colonial organization, it was not designed to and it was never designed to serve the needs of the people. This is the reason why over the years it became a moribund organization, an organization which was riddled with debts and was unable to operate effectively. As a matter of fact, the records would show that that Corporation gave very little real loans to real people in agriculture. There were some big loans to some supporters of the Government then, now the Opposition, that were never repaid and that was its organization, that was its function. Therefore we on this side of the House could not tolerate the existence of that organization and so it was wound up, and in its place we brought two new development organisations with the right kind of commitment and the right kind of direction to operate in a manner in which the Credit Corporation could never have operated and, as a matter of fact, was never designed to operate. So we had no qualms to lay the Credit Corporation to rest and give birth to these two new institutions.

Cde. Ram Karran also asked the question about discrimination in relation to the co-operatives. I am saying nothing new. The Government has said so over and over again. I am

saying nothing new when I say that as far as the Government is concerned we do and are quite happy to discriminate in favour of the co-operatives organisations, we certainly have not confined our financial assistance to those organisations we have given also to other people.

The Cde. Member of the Opposition spoke about the sugar workers, and the land which, he says, they are unable to get. I think the clear answer to that is that the Government has a commitment to house all the people and certainly that must include sugar workers. The sugar workers are our comrades; they are not a people apart; they are part of the nation. So when the Government commits itself to house the nation certainly it includes and I am sure the Cde. Member knows that, the sugar workers as well.

3.55 p.m.

The final point I would like to reply to – I had some difficulty making notes; the points were not always very deep – is the question about the Minister heading the Insurance Service. The Minister is not going to head the Insurance Service and I am sure the Member of the Opposition misread the Bill if he really understands that the Minister is going to head the institution.

With respect to the Member of the Opposition, Cde. Collymore, I should point out that the co-operatives are being assisted in various ways. One of the ways would be the loans that they are granted and the conditions attached to those loans. But I think he should also know that it is part of the Government's policy and we must have in fact been implementing that policy for the Government to give to the lending institutions a guarantee where the bank is satisfied that the project on which the co-operative wishes to invest is a good one but the only constraint is the question of security. The end result is that security, or lack of it, is no difficulty where a co-operative is concerned once the scheme is recognized by all concerned as a viable scheme. The Government has a system and it has applied the system of guaranteeing loans to the co-operatives.

The Member raised the question about more money being spent on housing, more money being spent on agriculture. I think that the Member is under the serious illusion that the only expenditure on housing or in agriculture is the figures appearing in the report by each of those two banks. Government's spending in both of these areas far exceeds those. In fact, if the Member of the Opposition, Cde. Collymore, were to refer to the Estimates of Expenditure by the Central Government, he would observe that \$76 million this year has been allocated to agriculture. And this does not include the amount spent in loans.

And what is remarkable Cde. Speaker, in this kind of assertion which says \$13 million is all we are spending in agriculture in tow and a half years and it should have been \$100 million is that it is the same Government that, in the last year of its operation as the Government in 1964, had a whole capital programme for agriculture, drainage and irrigation of \$8 million. And this is the opposition which is talking now about \$13 million and \$76 million being inadequate. We

would like to see more spent and the records will show that every year we have been spending more and more money in agriculture and in housing. It is a question of allocation of resources and a question of, in fact, ensuring that money is adequate and properly spent.

The Member referred to the interest at six per cent. He says it is too high. Perhaps it is but, I think one should recognise that a lot of the funds which are made available to the Co-operative Mortgage Bank come from the Government at no cost. Obviously the Bank has to borrow from other sources. It borrows from the Caribbean Development Bank, for instance, and has to pay an interest higher than 6 per cent. Certainly we would like to see, and I agree with the comrade, the interest rate lowered. We are making every effort to make sure that we can get money on better terms. Incidentally, this is one of the reasons why we are seeking to give the Banks their charter so that they can borrow from organisations that have money to lend at a cheaper rate. That is the whole point about it. And if the hon. Member wants to know why we are bringing the law now, that is one of the answers.

Finally, Cde. Speaker, it did strike me as strange when the Member said – I'm sure jocularly; I am sure he was not serious – that if we are a socialist state, we must learn to control the weather like other socialist states. I wonder whether the hon. Member does not know that even the Soviet Union which, by our standards, is a developed country, and industrialised country, has been unable to feed itself in an essential thing like wheat. I wonder whether the hon. Member knows that one of the reasons why wheat took a sharp rise three years ago and continues to stay at that high level even today is because of the high importation of wheat by the Soviet Union, which has the money to pay for it. And why? Because its crops have failed. It does not seem to me that that is an instance of controlling the weather, draughts or rainfall. We here are feeling it and I am sure it were not for the policy of the Government, we would have felt it more because the price of flour would have been more than double what it is today all because of the high costs of wheat which arises from the fact that we can no longer get surplus wheat, the surplus countries no longer have surplus because Russia has become a heavily deficit country in wheat as it cannot get a good crop.

I brought this to the hon. Member to make him understand that he is misleading himself, misleading his colleagues but certainly not the colleagues on our side when he even jocularly seems to suggest that it is Government's fault that the rain falls or the Government's fault that the sun shines when the rain should be falling.

The Speaker: Perhaps this maybe a convenient time to take the suspension.

The Sitting of the House is suspended for 30 minutes.

Sitting suspended accordingly at 4:05 p.m.

4.35 p.m.

*On resumption –**Question**That the Bill be read a Second time.**put, and agreed to.**Bill read a Second time.**Assembly in Committee**Clause 1 to 8 agreed to and ordered to stand part of the Bill.**Clause 9*

Cde. Ram Karran: In clause 9, I wonder if the hon. Minister will give us some indication as to what will be the criteria for the remuneration, terms and conditions, and pensions and gratuities, in this institution. I do not know if the hon. Minister is going to use the Civil services or the private banking institutions as a yardstick, or what sort of measure will be used in this case. We have the Chairman of the administration sitting in front of us and I am sure he has been giving thought to this. We wish to know what sort of anomalies exists and what can be done to prevent rehashing of this in 2 or 3 years' time. Has thought been given to this? What will be the yardstick for remuneration, and all these facilities?

The Chairman: Cde. Minister of Finance.

Cde. Hope: I should like the member to know that in fixing the remuneration of the members of the staff of any of the institutions that are existing at the moment, one pays due regard to similar experiences and expertise, what is paid in the Public Service, and what is paid outside of the Public Service, in relevant comparable institutions, and then a salary is fixed. It may not be equivalent to either but a salary is fixed within that kind of context.

With regard to the particular persons who are referred to in Clause 9, I think we will want to pay the kind of salaries that would attract and keep the right persons all within the context of the Guyana situation.

Clause 9 agreed to and ordered to stand part of the Bill.

4.45 p.m.

Clause 10 to 13 agreed to and ordered to stand part of the Bill.

Clause 14

Cde. Ram Karran: Sir, we have a ridiculous situation in Clause 14 (1) where it states that “the administration shall keep accounts of its transactions to the satisfaction of the Minister ...” It is tantamount to saying that the administration shall keep accounts of its transaction to the satisfaction of the administration because the Minister is head of the administration. It is a ridiculous situation and it goes further to state that the same Minister who is the head of the

administration shall decide upon who is the auditor. The hon. Minister is a man whom I have known for many years but we must think of the future. He might be succeeded by a Minister who is not as competent as he is, who has not got all the qualities he has and obviously the Minister might very well appoint an auditor who thinks like that Minister, so what do we do? We are pledging one soul in the future.

There an understanding that if I am buying from you, then neither of us should measure that commodity, but this Government has broken all the understandings. There should be a third party to do it. The Government has breached that in so far as purchasing rice from farmers is concerned. They buy and they fix the people who will weigh, who will price and who will grade and everything. That is exactly what we have here. The Minister is the head of the administration and the Minister is the Minister. We have to find some other formula to it. The Minister cannot account to himself for public funds, monies contributed particularly the co-operatives societies, many of which are falling everyday. I do not want to rub this in during this period of critical support. But every day we read in the news papers, that co-operatives are failing.

I think that the hon. Minister should get his legal adviser who is sitting by his side and whose competence cannot be doubted and I am sure that the legal adviser to the Minister will advise him of the ridiculous states. There are Parliaments all over the world that are setting up laws, making provision against these loopholes, one of which I am pointing out. In certain cases ratification is needed. You have it in the United States. The proposals are made by the head of State or whoever is deputed to do that and they have to get the approval of Parliament. We are not going so far, but I am sure that the modification of this clause is most necessary. We are willing to let it stay until the Minister has given considerable thought to this because I am sure that he will agree that he himself would not like it to appear that he is the top boss, that he decides and he is reported to.

I have on repeated occasions pointed out that the Government has an eminent, well-qualified Director of Audit whose responsibilities are so great that he cannot physically carry out checks in Government institutions and departments. He ought to be the person to appoint auditors into these corporations and these institutions and I cannot see how, if the Minister is responsible – and in this particular case the Minister is a part of the administration – that he is going to appoint the auditor. In these days we see who are the auditors, who sign all these corporation accounts that come before us. Whether there is any mis-management or whether there is any hiding of the facts, it does not appear healthy and no one can have confidence in an administration which sees individuals holding high positions in Government and semi-Government positions and auditing certain accounts for the Government. I am sure that if it is not given careful thought and amended or adjusted that the actions of this Government will continue to be distrusted by the majority of the Guyanese people.

Dr. Jagan: Sir, I would like to supplement the point made by my colleague. As we move more and more in the direction of public ownership you have Government assuming more and more responsibilities, many of which will be strictly of a financial nature and in the sense public accountability is very, very vital and important. People must have confidence and this will be demonstrated if there is a great deal of independence so far as auditing of public accounts is concerned. We have a public accounts committee so far as public expenses are budgeted for. My colleagues have just reminded me that we have not met for some time, but hope that is something we can correct.

I think it was suggested some time ago that corporations should all fall within the ambit of the directorate of audit. In other words, it should be a body independent from the administration. I do not know, sir, if that may not be intended. If it is not, it is time we seriously look into this question. In many Third World countries there are always charges of corruption and the necessity to have public confidence, therefore, in all transactions, in state corporations, particularly, is very, very vital and important if we are to enthrone people to greater effort. In this sense, if it is not intended, I am sure the Government would have no objection to all corporations coming within the ambit of the directorate of audit. If they do not have enough staff, then the Parliament must vote money for that. The question is one of the principles so that the Members of this Parliament who represent the people of the country must be able to have accounts of all corporations presented before it. I think in that sense there will be more public confidence in corporations, than by leaving it only to the administration to decide how these things will be run. They appoint the directors, they appoint everybody and we sit in Parliament. We do not know what is going on. You can even be a director and not necessarily know what is going on.

4.55 p.m.

Unless you can have a close look at every single item and that has to be done by independent people. There is a tendency sometimes for expenditure which can even be accounted for by giving receipts but then someone is needed to probe them.

I heard the other day one man was having a \$10 dinner at public expense. Well these things sometimes have to be looked into. This is not a very big Minister or anything like that but if there is no questioning, if there is no proper accounting and so on you can find that after a while the public corporations are losing money whether by way of theft or inefficiency or by expenditure in a way which should not be tolerated. In that sense, sir, I think the point made by my colleagues is very important and it is time that this country should adopt that procedure so that all corporations should come within the ambit of an independent body such as the director or directorate of audit.

The Speaker: Hon. Member Mr. Feilden Singh

Mr. Singh: Sir, my contribution is merely the supplement what the last two speakers have said and, indeed, reiterate what I myself said particularly during the debate on the last

estimates in December last year. I raised the point very forcibly that Corporations and Government agencies, where public monies are concerned, where the taxpayers' money is concerned, should be audited by the Director of Audit.

We have set up in the Constitution of Guyana a post which is supposed to be outside of the control of the Establishment, a particularly impartial post of Director of Audit. He is responsible only to Parliament and it is only fair and right, just and proper, that where taxpayers' money is concerned, where Government monies are being spent, that (that Director of Audit) is the person within whose hands the audit should lie.

I repeat again the point I made. If he does not have the staff, let us give him the staff but there is no reason at all that I can see why the Director of Audit should not be made the person responsible for auditing all Government corporations and indeed, all Government agencies. Give him the staff and he can do the job. If other people can do it, he can do it also. What we need to do is to provide him with the staff. I know there is a shortage of trained men but it can be done. I myself when speaking under the Head "Director of Audit", last year was assured by the hon. Minister that the Director of Audit did have his full complement of staff at that time and I thought it was a full complement to deal with the accounts and the situation as it was at that time. If we want him to do more then let us give him the staff so that he can do more. Let him do all of this so that we can present a clean face to John Public and say "Here, we have nothing to hide this has been audited by the Director of Audit" or, at least, it is subject to audit by the Director of Audit.

The Speaker: Cde. Minister of Finance.

Cde. Hope: Cde. Speaker, I am not sure that there is not some confusion on the other side. In the first instance, the Bill before us, does envisage that the accounts of the institutions will be audited. In the second instance, the Bill, at Clause 49 (2) does say that the audited accounts and the accounts so audited together with the Report of the financial institutions will be laid before the National Assembly. So in fact the Bill does envisage the accounts being audited, and it does envisage that the accounts so audited will be laid before the National Assembly.

And then I thought that the Member Mr. Feilden Singh was going further and saying that in the law we must say it must be the Director of Audit. That is unacceptable. The law does not have to be so rigid as to identify the auditor. In fact, Cde. Chairman, before the Members of the Assembly there is a Report which has been audited before it was laid only two days ago. The accounts of the Corporation are audited and they are laid before the House, and in fact, although the law does not say the Director may audit the particular accounts, he is in fact the auditor for the co-operative bank, the Agricultural Development bank and for the Mortgage Bank.

Although the law does not specify – and no law can be that rigid, a law must have some degree of flexibility – it leaves the appointment of the person or auditor open. And, in fact, under the very law, the Director of Audit has been appointed an Auditor.

Secondly, Cde. Chairman, I would like to point out that in the particular Clause referred to by the hon. Member dealing with the accounts of the Administration, the Administration is not a business; it is a controlling agency only. The institutions which are doing business, those are being laid before the House. I am at a loss to find out if the Minister does not appoint the auditor who would?

I do not envisage any difficulty. There is no inconsistency. There is no need to give deep thought at this stage. Adequate and full thought has been given to all these Clause. When we sit here and make legislation all the facts are thought out as carefully as possible and we think it is a reasonable system that in the case of the Administration the person to appoint is the Minister. Somebody must appoint and the law and the person proposed is the Minister. But I would like to reiterate that despite the act the law does not identify the auditor the accounts are audited. They are laid before the House and for two of these financial institutions, the Director of Audit is the auditor.

I myself when speaking under the Head “Director of Audit”, last year I myself when speaking under the Head “Director of Audit”, last year

Cde. C.B. Jagan: Sir I would like the Minister to answer directly the question which was posed by us. As my colleague said, this law can state that, for these institutions, the Director of Audit will be responsible for the auditing of the accounts.

Let us do not hide our heads in the sands. We have had, in this country, charges made against Ministers about corruption; we have had them brought before the Ombudsman. We have had a Select Committee of this House to go into the question of enlarging the powers of the Ombudsman to look into corruption. We have had the previous Director of Audit talking about the irregular accounts of the country, the previous one who left before the new one was appointed, Mr. Dunlop made severe stringent remarks on this score.

5.05 p.m.

We are therefore asking for a principle, Government must now face up to this question and not just make Sophia Declarations and call for a code of conduct and so on. This time has come in Guyana when the people want to know how their money is being spent. This is a country with very high taxation and the cost of living today is mounting daily, I do not know how poor people live today. The Cde. Minister is laughing. It is well for the Minister, the two of them are earning big money, they do not have to worry about prices in the markets. Go into the market. The price is \$50 for a grapefruit we were hearing about agriculture today. Anyway I do not want to go into that.

My main point is that it is time the Government understands that it has to deal with the public in a way that can bring satisfaction in all these areas where there are doubts. We are not making the doubts; they are there for all to see. All we are asking is for this principle to be

accepted, and if the principle is accepted then there is no harm in putting it in the law. Put it in the law that it can be clear.

Perhaps the Minister would say that it is not a time for us to discuss that principle, we are dealing with a specific Bill, but we raise it in reference to this Bill as a general matter and if you agree with the general then, specifically, let it be stated. Do not to leave it open for the Minister or some other Minister to decide. Long ago it used to be said that the Director of Audit is not qualified to deal with commercial accounts. This was one of the arguments. I remember I raised this matter years ago, and I was told that he was not competent; he was not trained to do that kind of accounting. It may have been good colonial thinking in the old days, a bourgeois principle. As the Minister said a little while ago, the Credit Corporation was a colonial corporation. Well I do not know if it really was a colonial corporation but if you want to change the boys and give a new set of boys jobs that is another matter. Right now we are talking about seeing the public have some confidence in what is going on. Before you know it in a lot of these corporations the Government will have to guarantee some of the loans. Soon you will hear that losses are being made and taxpayers will be called to write them off. This happens. Therefore, we want to be assured, the public want to be assured, that there is going to be proper running of these bodies and not only a proper running but accounting for how the things are being run. In that sense we are asking for the functions to be enlarged so that the Director of Audit can be stipulate in the law.

Cde. Ram Karran: Cde. Chairman, I want to appeal to the Cde. Minister whose first name is Frank not to throw dust in our eyes. He tells us here that these accounts are going to be audited and that these audited accounts are going to be laid on the Table, that they will be placed before us so that we would see. The hon. Minister knows that our audited accounts that pass through the Public Accounts Committee, on which recommendations were made and passed back to the Clerk of the National Assembly have not yet been presented by the Minister of Finance. I do not blame the Minister, he was not in the position of Minister of Finance at that time.

But again I wish to point out that so far as the public accounts are concerned, I think that you, Cde. Chairman, must share some of this responsibility. I did not say blame, but the Public Accounts Committee has not met since 1969. [**Cde. Hope:** “That is irrelevant”.] I am only talking about accounts and we have some little experience. The hon. Minister tells us that the accounts are going to be audited. As my friend and colleague said, Bookers Account are audited. The Director of Audit, or whoever is auditing the accounts, will see the vouchers, will see the transactions in between. But those things are never related generally in the Auditors Report. But what I object to is that all the Reports that have been submitted to this House over the past week since we are here were audited by Stoll, Thomas and Company. I have not seen that the Director of Audit has asked them to do the auditing. I feel that we should not share this thing.

The hon. Member Mr. Feilden Singh has said, we have always been asking for the expansion of the directorate of audit because this is where all the things are seen. That is why I wish to appeal to the hon. Minister not to tell us about audited reports being placed on the Table, we cannot find a thing especially if you do not know anything about accounts. Let us have it done the proper way. The hon. Minister tells us he does not want to identify the Director of Audit, but in fact it is going to be so. I am not thinking of the present set up; I am thinking of the future. But the hon. Minister sees to it that he is identified and in a most nauseating manner – I do not mean to be disrespectful to the hon. Minister – when he, the Minister, is head of the Board of Administration. The auditing must be done, the accounts must be kept to the satisfaction of the Minister who is head of the Board. That is what I complain about. That is another point, of course, and I think that my friend ought to solicit the advice of the Legal Officer who, as I said just now, is very competent. The whole House has confidence in him. The Minister ought to seek his advice in the first place and have this thing amended so as not to have it put in that way.

5.15 p.m.

The Chairman: Cde. Minister of Finance.

Cde. Hope: Cde. Chairman, I am not sure if I did not make myself clear originally that the accounts will be audited and in order to assure public accountability, the accounts will be laid in Parliament for Parliament to question as it sees fit.

Secondly, I do not agree that one should be restrictive in the law by identifying one auditor. An auditor should be appointed and the law would so require. If that commission fall on the Director of Audit well, if that commission falls on any other qualified auditor, just as well.

I recall that despite the soundings of the two comrades of the Opposition, the Credit Corporation which was a corporation existing under the administration of the party that was then in power, the P.P.P., never asked, and never secured the appointment of the Director of Audit as auditor for that corporation. It was always Fitzpatrick, Graham and Company, a foreign company, not even a local one. What kind of acrobatics we are hearing that when they had the opportunity to choose they never chose but now they would have us choose. It is quite clear to me that we will ensure that the accounts are audited, that the accounts, according to the law are placed before Parliament. If the hon. Member does not know accounts but he wants to talk about accounts, let him get advisers to advise him on the accounts, then come and talk, but the accounts will be audited, they will be placed before the House. They can be questioned but the law cannot be restrictive, it must leave it open for a proper choice to be made from time to time.

Cde. C.B. Jagan: Sir, the hon. Minister referred to the Credit Corporation and Fitzpatrick, Graham and Company and a little while before in his earlier contribution he suggested that the Credit Corporation was under the control of the P.P.P. Government –

The Chairman: Hon. Leader of the Opposition, that is not relevant to the debate. The point at issue is whether the Minister should have the freedom to appoint an auditor of this

choice as opposed to your contention that the audit should be done by the Director of Audit. I think I have given fair and reasonable opportunity to Members of the Opposition to express their views. What has happened is that the Minister has made reference to the Credit Corporation and you are taking issue in respect of the Credit Corporation. The item before us is the appointment of auditors and I think you had a reasonable and fair opportunity of making your comments on that.

Cde. C.B. Jagan: Just one word sir. Not because at that time they were private auditors – this was in keeping with the whole colonial environment –

Cde Chairman: Hon. Leader of the Opposition, I do not wish to have a dialogue with you --

Cde. C.B. Jagan: Sir what I am saying is this: we must not build socialism merely by nationalisation and create beneath the umbrella of nationalisation a new bourgeoisie in this country. That is all I want to know. Let the State take on these functions also, so that we are really going to socialism. That is all I want say.

Clause 14, agreed to and ordered to stand part of the Bill.

Clause 15

The Chairman: Cde. Minister of Finance.

Cde. Hope: Cde. Chairman, in clause 15 (1), may I ask for the insertion of the words “of the National Assembly” after the words “negative resolutions”.

The Chairman: You may proceed to deal with clause 15(6) as well.

Cde. Hope: Thank you, Cde. Chairman. In 15(6) we ask for the word “Georgetown” to be substituted for the words “the city”.

Cde. Reepu Daman Persaud: Mr. Chairman, clause 15 gives very wide powers to the Minister. I do not want at this stage to question those powers but I would ask the Minister to really state more clearly what his intention are with respect to the establishment of financial institutions. When clause 15 is read in conjunction with 61, one sees that 61 makes provision for the reconstitution of the already established institutions, Co-operative Bank, Mortgage Finance etc. but then the Minister spoke of establishing an insurance institution. I would like to feel that that power comes from section 15 as well but section 15 itself does not speak of insurance.

The Chairman: Cde. Persaud, kindly use the microphone.

Cde. Reepu Daman Persaud: Section 15 does not speak of insurance. I would like the Minister to tell us, apart from Insurance what other power can be exercised under 15 to establish what other type of financial institutions and how far it would go. If 15 is read further, such institutions can be established locally and overseas or branches of those institutions may be

established. Probably here again the Cde. Minister would like to tell us what he has in mind, what is Government's policy, how far Government intends to go.

Then, Cde. Chairman, Agricultural loans: I remember years ago in this Parliament I advocated the establishment of an Agricultural Loans Bank. In the reconstitution, one would like to see that the Agricultural Loans Bank is established with adequate finance to cater for the needs of the agricultural sector of this country. One does not know whether these three already established institutions will be separate or whether they will be brought together. That can only come from an explanation by the hon. Minister.

Then sir, under clause 15, probably these powers are justified but undoubtedly they need an explanation. I am looking at subsection 11, the proviso of that subsection which states:

“Provided that the Minister may by the order establishing financial institution or by a subsequent order made under this section –

- (a) exclude the application of any provision of this act in relation to the financial institution;
- (b) make special provision in relation to the financial institution in respect if any particular matter.
- (c) modify any provision of this Act in its application to the financial institution.”

Looking at this, one sees that this Act can be operative some time in full, in part or not at all. Conceding that clause 15 will be operative because the institution is established by virtue of clause 15, that is positive, but after the establishment of the institution.

To my mind, this power is really too wide because these institutions are going to be public institutions. I would like to see that the provisions are clear to everyone so that no Minister of the Government – and we are not dealing with personalities – it permitted by whims and fancies or by brainwaves to just direct the operation of one portion of the law, to suspend another portion or to suspend the whole law keeping only clause 15 in so far as that particular matter or issue or institution is concerned to give him the right and power to establish.

5.25 p.m.

The Chairman: Cde. Minister of Finance.

Cde. Hope: In moving the Second Reading of this Bill, I think I spoke unusually long, for almost one hour, trying to explain the rationale and the structure we were trying to create but obviously I have not made myself quite clear. Clause 15 (1) seeks to give the Minister power either to establish a co-operative financial institution or to reconstitute one, the assumption being that that institution is already in existence on some other basis. So you have two powers, and the reason for this is clear. We already have three institutions already existing that we are bringing under the umbrella. The only way that can be given the wider powers that are being given to them, their own constitution, is to reconstitute them. In addition to those which are existing and have

to be reconstituted under this law, we conceived of creating another, and that one is the insurance service. At the moment I do not contemplate any other.

At the end of the exercise, after this law has been passed and we have finished our establishment, we will have five institutions operating under the administration, the G.N.C.B., the Agricultural Co-operative Development Bank, the Co-operative Mortgage Finance Bank, the Trust Company and the Insurance service. At the moment I have no contemplation of a sixth and, in fact, only one is to be established. The others, since they are already in operation under other laws, would be reconstituted under that.

I hope I have made myself quite clear in that regard. These institutions will be created by Order which Order will be subject, according to the Bill, to a Negative Resolution of the House which means it will be laid in the House and in certain circumstances it is open to debate in the House.

So far as the proviso in clause 15(11) goes, what is really contemplated here is, that in making the Order to establish a financial institution or to reconstitute one, depending on the peculiarities of that particular institutions which is being created, some of the provisions here, may have to be suspended in relation to that particular institution, but if they so have to be suspended it will be in the Order.

This paragraph of the Bill implies nothing arbitrary. It just recognizes the fact that in the course of time, as we create financial institutions, you may find a financial institution whose characteristics make all the terms here inconsistent with it and we may have to say that those particular provisions do not apply to that particular financial institution. But, if it is said, it will be in the Order. It is not something that the Minister can arise tomorrow morning and say: “it is not done”. It is an Order that has to be approved by the House.

Amendments –

- (i) That the following words be inserted after the words “negative Resolution” in subsection (1):
“of the National Assembly”,
- (ii) That the following word be substituted for the words “the City” in subsection (6):
“Georgetown”

put, and agreed to .

Clause 15, as amended, agreed to and ordered to stand part of the Bill.

Clause 16 and 20 agreed to and ordered to stand part of the Bill.

Clause 21

Mr. Singh: Clause 21 (3) does seem to my mind to put an undue burden on the administration in the way in which it is worded at the moment. It states:

“(3) With the approval of the Administration, a financial institution may employ at such remuneration and on such terms and conditions (including the payment of pensions, gratuities, or other like benefits by reference to their service) as it thinks fit a Secretary and such other officers and other employees as may be requisite for the proper carrying out of the function of the financial institution.”

This means that every single member of the staff of the financial institution would have to have the approval of the administration. Now, as I seem to recollect, this administration should meet at least once every three months. Why should we trouble the administration with, for example, being involved with the appointment of a messenger, or whatever the Government may call them, Charwoman, or otherwise. It seems as though every single person, from the wording here, employed by that institution must be approved of by the administration. Why can't we put in something like this: “With the approval of the administration in respect of salaries in excess of \$200 per month”, or something like that? Let us put a limit. Let the administration be involved with those people who are receiving over \$200 or \$300 per month but certainly not with every single person who may come on; the administration should not be involved in the recruitment and appointment of junior staff. It does seem to my mind a burden which the administration can pass on to the financial institution. After all, it is a financial institution, it is to be a responsible institution. At least, some credit has to be given to it. Allow it to do something which should include the taking on of junior staff.

Cde. Hope: I take the hon. Member's point. In fact, I should like to say it is, and will be, an administrative matter. The financial administration can delegate its functions essentially along the lines the member pointed out and probably will delegate such of its functions. In addition to that, approval may be prior to or subsequent to, depending on what arrangements are being worked out. I should like to reassure the hon. Member that in these arrangement flexibility will be the hallmark and efficiency will be the goal. There will be no question of restrictiveness in that sense.

Clause 21 agreed to and ordered to stand part of the Bill.

5.35 p.m.

Clause 22 agreed to and ordered to stand part of the Bill

Clause 23

Cde. Ram Karran: Sir, I merely want to ask a short question. How does the hon. Minister arrive at this penalty of \$500 and imprisonment for a term of six months? Was it taken from some corresponding legislation or was it sought out and just stuck in there. I ask this

question because in 41(3) the penalty is \$1,000 and imprisonment for a term of six months. Perhaps the Minister will enlighten us as to how these figures were arrived at bearing in mind that in 2000, \$500 will probably not have the same value it has today.

The Chairman: Cde. Minister of Finance.

Cde. Hope: Cde. Chairman, I am advised that the Interpretation Act takes care of this particular form of drafting in the sense that it can be alternative of both in given circumstances.

The Chairman: I think what the comrade was asking is why the differential between \$500 and \$1,000.

Cde. Ram Karran: I was asking how the hon. Minister arrived at \$500 and six months. In another case, it is \$1,000 and a term for six months. I believe the same “and/or” arrangement will apply. Did the hon. Minister measure the severity of the offence to inflict punishment of \$500 or six months? Then I want to ask the hon. Minister whether the judicial officer, the Judge or the magistrate, will have discretion, for instance, bearing the gravity of the offence in mind and the circumstances under which the offence took place, to say that the offence warrants a fine of \$100. In this case, as I read it, the presiding judge or magistrate does not have discretion and I think we have been very critical of the Government for proposing legislation where the magistrate or judge is deprived of discretion. Many people have had to pay what we call severe penalties because of the fact that the Government, in passing legislation like this, seems to have no confidence in the people whom they appoint to these high offices.

The Chairman: Cde. Minister of Finance.

Cde. Hope: My advice again is that under the Interpretation Ordinance there is some flexibility that the judicial officer can take it upon himself To determine the actual fine to be paid. I suspect, Cde. Chairman, that if one looks at a number of other pieces of legislation where secrecy is involved and secrecy is contravened, this is the kind of penalty which is normally attributed to that offence.

With regard to and comprising that with Section 41, the offences which are anticipated there are considered more serious an in those circumstances the monetary fine is somewhat higher. In these cases, the hon. Member will know, there can be no precise measure and, similarly, if the time ever comes when \$500 becomes too small I am sure the legislature of which I suspect and hope the hon. Member would still be a part, would then see it fit to increase that amount.

Clause 23, agreed to and ordered to stand part of the Bill.

Clause 24 to 28 agreed to and ordered to stand part of the Bill.

Clause 29.

The Chairman: Cde. Finance Minister.

Cde. Hope: Cde. Chairman, I would like to know to propose an amendment by the substitution of the word “transferable” for the word “transferred” in Clause 29(1).

Amendment that –

The word “transferable” be substituted for the word “transferred”.

put, and agree to.

Clause 29, as amended, agreed to and ordered to stand part of the Bill.

Clause 30.

Cde. Ram Karran: I would like to enquire from the hon. Minister as to how this Clause 30(2) will be interpreted. But before I do that, perhaps I should point out that in Clause 30(1), in the third line from the bottom, there is a typographical error. The word “committee” is incorrectly spelt.

When I ask how this is going to be interpreted, I mean the person against whom these charges are laid, the person who is suspected by the institution as being guilty. It is very easy to prove if he has been guilty, whereas it is a little difficult to prove if he has participated or acquiesced in a fraud committed on a financial institution. How are you going to interpret these things before you deny this individual whatever the institution owes him? I think it is very broad here. The institution is being given a tremendous amount of power and the person is put to the trouble, perhaps, of going to the court to have these things proved.

5.45 p.m.

I would think that the interpretation would be for the Corporation, or the Institution, to take the man to court. If he has been guilty, obviously there is a justification for you to deprive him of whatever claims he might have against the institution. But even that is arbitrary. That, to my mind, should be subject to a court of law, having regard to the fact that you have been guilty of illegal transactions or whatever you choose to call it. He will, I presume, be fined for a breach of the law. But you are doing beyond that. You are not only giving this institution, of which the hon. Minister of Finance is the head, administration powers, but you are giving the Minister judicial powers and he is no lawyer. You are telling the people: “You have been guilty of fraud against this institution and therefore the sum of \$10,000 that we owe you is forfeited.” You are

going even further. You say to a man, “You have participated”. Sir, these are not easy things to prove. It needs the very keen minds of judge and jury to establish whether a person has participated and then you are going even further.

I do not know how the hon. Minister will get time to do all the things to prove that the man acquiesced. How is he going prove it? The hon. Minister puts himself up as judge and jury and say, “Having regard to these things, we are going to deprive you of the sum of \$10,000.” I would like to know how it is going to be interpreted. And if it is for the man to go to court, I say it is an injustice. It is for the corporation, or the institution, to take him to court and to have the court define all these alleged offences. And even then, if the man is going to pay a penalty, then you must put special legislation for the judge to have the power to say. Notwithstanding all the penalties we have imposed on you, you are going to lose the sum of \$10,000.” It seems to me to be unreasonable.

The Speaker: cede. Minister of Finance.

Cde. Hope: When the hon. Member, Cde. Ram Karran made his original contribution, I remember they did promise us questions. I am sure he is seeking to keep his promise. I do not think he is very serious in the last remarks he made. Number one, the Minister is not mentioned anywhere. I looked again as he spoke and I wondered how the Minister came in. The Minister is not mentioned at all in Clause 30(2). Why does he think it is the Minister? I agree with him that if there is any disputation in this area it is certainly a matter for the Court. The Court will decide all these things. I am sure that it is not the Minister. The Minister is not a judicial officer so I think the Cde. Member of the Opposition is quite right. This is a matter for the Law Courts and it will be in the Law Courts and not before the Minister.

Cde. Ram Karran: When I said “Minister” I referred to the fact that the hon. Minister is the head of the Administration and in some way or the other his influence, if not his personality, will be transmitted down the line. But there is means of saying here either in clause 30 or 31 that the Court will act. But I accept the hon. Minister’s word. I ask the hon. Minister to seek the advice of his colleagues, his advisers, to tell us how the Court is going to establish acquiescence, participation and guilt and if it is not unreasonable to say that a penalty would have been imposed for these offences and on top of that the man is going to lose whatever claims he has against the institution. That I contend is unreasonable. You are punishing the individual twice.

Cde. Hope: Cde. Chairman there is no further elucidation I can give the hon. Member except to recommend that he seeks legal advice.

Clause 30 agreed to and ordered to stand part of the Bill.

Clause 31 agreed to and ordered to stand part of the Bill.

Clause 32

Cde. Ram. Karran: Sir, the hon. Minister will ask the National Assembly as provided in Clause 32 (1) to give approval to a measure and then “the Minister may in writing in the name of the Government guarantee on such conditions as he may think fit.” Surely that is stretching it a little far. Surely it should be worded differently. For instance, the National Assembly may lay down conditions: “We approve under conditions (a), (b), or (c)”, but, as I read this, it would mean that even though the National Assembly approves it under conditions (a), (b) (c), the hon. Minister would have the right to approve the thing in writing under conditions (d), (e), (f), which does not seem to be right. He should approve on the condition approved by the National Assembly.

Cde. Hope: Cde. Chairman; I realise one has got to excuse the Member. He has been out of Parliament for a long time, but he knows, or ought to know, that this is not an unusual form of words. The implication is here that the resolution for the guarantee is brought to the House for debate and approval.

Clause 32 agreed to and ordered to stand part of the Bill.

Clause 33.

The Speaker: Cde. Minister of Finance.

Cde. Hope: Cde. Chairman may I speak that the words “approval of the Minister” be substituted for the words “like approval” in Clause 33.

Amendment proposed, put, and agreed to.

Clause 33, as amended, agreed to and ordered to stand part of the Bill.

Clause 34 to 36 agreed to and ordered to stand part of the Bill.

5.55 p.m.

Clause 37 and 38 agreed to and ordered to stand part of the Bill.

Clause 39.

Cde. Reepu Daman Persaud: Cde. Chairman, I think and I am sure the hon. Minister will agree that Clause 39 is repulsive and repugnant to a country that has declared that it is taking the socialist road. This provision must force people to have reservations as to whether we are going in that direction or not, because it sounds – as you will understand, Cde. Chairman – like Kailan and Kishna. Where the crop are mortgaged, the financial institution directs how the crops must be disposed of, and if the disposal is not in consonance with the direction given then the poor farmer, who is supposed to be put on the highest pedestal at this time when we talk of agricultural growth, is virtually made into a criminal. He is prosecuted, he is fined and he is jailed. I want to move the deletion of Clause 39 from this Bill and to ask the Cde. Minister to seek the necessary technical advice whereby more equitable provisions can be made to recoup payments of loans made to farmers. I want to voice very strong the feelings of the farmers, the

sufferings of the farmers. We all concede that rainfall has damaged their crops. Nobody really compensates them, and even when there is an announcement to the effect that farmers will be helped one must question, based on facts, to what extent that help is given. If this is so, I want this afternoon to urge the Cde. Minister to consider the deletion of this Clause because I do not think that –

The Chairman: Cde. Persaud, let me just get this clear. Are you moving the deletion or are you merely asking him to consider to delete?

Cde. Reepu Daman Persaud: I have not moved it as yet, but I will move at the proper time. How could we in this age and time make this provision when we say we want to give the farmers their right position in this country, we want to encourage them, we want to free them from the hands of the money sharks who have robbed them, who have exploited them for so many years? Many of them have lost their property, their lands, at the hands of unscrupulous money lenders in this country. I am today forced to remember, though I do not have it before me, the Agricultural Loans Act which was moved some years ago by the then Minister of Agriculture, Cde Llewellyn John, I did not spare him on that occasion when I criticised provisions which speak in the same language of clause 39 of this Bill. Today I feel that I shall be doing the farmers an injustice, the country and injustice, particularly the Government an injustice by not pointing out that this cannot and will not help agricultural growth in this country.

The Agriculture Bank was conceived to help farmers to free them from this type of rascality and I would not want to know that we have a socialist Government that fails in the category of unscrupulous lenders or landlords and it is out of that sense of duty and service that I speak this afternoon not with any acrimony but merely to be able to persuade the hon. Minister to remove Clause 39.

Cde. Chairman, there can be no other process. If we read this Clause we will find that:

“It shall be a condition in every agreement for any loan made by a financial institution for the cultivation of crops and the expenses of reaping and making merchantable such crops, that all the crops and produce repaid or gathered from the land and the by-products therefore shall, until such loans has been repaid, be dealt with and disposed of as the financial institution may direct, and, until so disposed of, shall be held by the person obtaining the loan in trust for the financial institution. Any person to whom a loan has been made, who disposes of any such crops or produce or by-products exception the manner directed by the financial institution or by this Act, shall on summary conviction be liable to fine of five hundred dollars and to imprisonment for a term of six months.”

The normal thing is for a farmer to take his loan from his various sources. One of the common practices in this country is for the farmer to go to the miller, something that we do not approve. Then he becomes virtually mortgaged, body and soul, to the miller. He has an obligation to the miller to take that padi immediately after he has reaped it to the miller. It is the same type of capitalist exploitation which is found in this section. If the farmer takes a loan, and I do not say that a farmer must not pay his loan; I do not say that the Government should not use the necessary available processes to recover loans. There is the Court the farmer can be sued,

judgement can be obtained against him. [Cde. Corrica: “We don’t want all of that”]. The hon. Member at the back said he does not want all of that. So what do you want? Do you want situations that all of us have criticised in this country, when a tenant is thrown on the road where the Rent Restriction Ordinance has not taken care of unscrupulous landlords who use the provision of the law of execution from the time he signs to throw the person out and then Cde. Ackman goes and says, “Can I help you?” This is the type of thing that I want to protect the farmers from. The hon. Member reminds me of putting down the houses at Black Bush Polder; we do not want these things to happen. We want Guyana to be the agricultural basket of the Caribbean. We want to reach that stage of self-sufficiency. I do not want to refer to the prices in the market for vegetables which are producing. People cannot get to them easily and there are serious complaints.

We have not so far succeeded in encouraging the farmers by incentives and other means. Therefore we really need to give them an opportunity to produce not merely in such a way as to create a shortage so that the demand becomes great, but to produce so that we can really reach a stage of self-sufficiency. This Bill will not encourage the farmer. He will be scared stiff to come to the lending institutions to borrow under these conditions.

6.05 p.m.

It is worse when one looks at clause 40. I was anticipating clause 40, sir. I think I can take the point when you introduce clause 40.

So, Cde. Speaker, I wish to move the deletion of clause 39 completely from the Bill. This does not preclude the lending institution from entering into an agreement, from enforcing that agreement through the normal processes in the Courts and to recover from the farmer who refuses to pay. Other securities are taken – if you read the earlier provision in clause 35, it is there stated that:

“ ... security given for the purpose of the loan may thereupon be realised.”

This is produce; this is what the man has used his hands, his body, his labour and his sweat to produce. Give him a chance. Let him feel that he is a trusted member of this community; let him be encouraged and let other means be provided to enforce payment and to prevent the Government being robbed but do not use these types of harsh provisions which speak more or less of prosecution, of penalty and, of making the farmer a criminal.

Cde. Ram Karran seconded.

The Chairman: The deletion of clause 39 is proposed. Cde. Minister of Finance.

Cde. Hope: Cde. Chairman, I listened carefully to the Cde. Member of the Opposition and I think he is misled. This clause in the agreement could really only affect, in our present circumstances and in the way in which we do business, the farmer who intends to be dishonest. We know, Cde. Chairman, and the Bank has had experience of this – that other moribund institution, the Credit Corporation, which preceded this organisation had experience of this – where farmers borrowed and never prepaid although they had good crops. This is very important because we are not saying that if a farmer's crop fails, if he gets a poor crop, these terms will be imposed or these terms will be implemented against him. We have taken completely different position. As a matter of fact that is the reason why the crop relief to which the hon. Member, Cde. Collymore referred, goes into millions of dollars because when farmers' crop fail, the Government gives money to farmers to rehabilitate them. This is not the only way in which the Government has been operating with farmers. It does not suggest that where the farmer has a real case, where his difficulty is real, terms of the loans would be implemented or imposed against him.

This clause really can be implemented and the only people who have any reason to fear it are those who want to borrow without repaying. I think – and I said so in my opening remarks – if the institutions are to function in the way they ought to function, if they are to help as many people as need help, the principal and the obligations must be repaid. The institutions would go no place in terms of making credit, let alone making credit relatively cheap. And, in the case of any farmers who gets a good crop and intends to pay, this does not arise. Any farmer who gets a bad crop for the weather which he could not control would, in the present circumstances of things, will continue to find a sympathetic approach to the problem. The banks, from time to time have re-scheduled their loans. There is a case of a man who was in the fishing industry who was lent money by the bank but the catch was diminishing and in fact the particular trade was in difficulty. The terms of agreement were not imposed against him; the loan was re-scheduled. That is how we operate. We are here create, we are here to agreement which can be invoked in the circumstances where the farmer has a good crop but would seek devious ways to avoid payment. That is the only farmer, the dishonest farmer, who borrows money, gets a good crop but does not pay. It is only he who has any right to fear this clause. But other farmers who fail for good reason, have absolutely no cause and the record of the institutions would demonstrate that. I think the hon. Member is misguided in this respect and his fears are really unfounded.

Cde. Ram Karran: Sir, the hon. Member in moving the deletion urged very simply that the Government ought not to make this offence as it is enacted in this Bill a criminal offence. The Government should have the same right to recover the money. We are not saying that they ought not recover the money, that they should not make efforts to recover the money, but if it is taken by the farmer and the farmer has no justification for its retention or the farmer has means to repay, the Government will recover it in the same way as other money lenders have recovered money in the civil court. Why do you make a criminal out of this farmer?

The Minister is saying that he only intends to apply this section against those people who deliberately borrow money to plant rice and do not plant rice or who borrow money to fish and they do not fish; that it is the type of person. That can be circumvented by having proper investigations. Surely the record of the Government is Black Bush does not bear out what the Minister assures us because when the houses were being pulled down by tractors and when one went to make representations to the then Minister it was very clear that in good number of cases, although the houses were pulled down the people were not in a position to pay and were not criminals; it was just that they were unable to pay. I am not saying that all fitted that category; some of them were rascals who were making bush rum. I have no sympathy for those. I can assure you, sir, and assure this House that in many of the cases the people were unable to pay through circumstances of bad crop, bad husbandry, etc. All my friend is saying here today is that you ought to put the State in a better position than Kishna. Kishna had the civil court to support him – he was a money-lender by profession, I think he is dead now. The Government which seeks to assist the farmer, which seeks to increase production, which seeks to help the nation, is arrogating to itself a more powerful law not only to get the money but to make the individual a criminal. This is a criminal offence. Why is it not done in the civil court under the civil jurisdiction? I am saying this can be obviated to a great extent by having a proper investigation before the loan is made. If the system continues where patronage is shown, there will be more and more of these things.

6.15 p.m.

I support the hon. Minister. There were many people in the days of the Credit Corporation who misused loans. A man takes a loan to do something and he buys a motor car. If a proper investigation is going to be made, if a man investigates and finds that this chap has no title to land, then he should not get a loan. I am saying the investigations should reduce this type of thing to a great extent I support my colleague for the deletion of this clause, I say that the Government should not take upon itself greater powers than even money lenders have, and make these people criminals by the enforcement of this law.

Amendment put, and negatived.

Clause 39, as printed, agreed to and ordered to stand part of the Bill.

Clause 40

Cde. Ram Karran: There is a small observation I wish to make on clause 40(3). It is the same spirit we are dealing with all afternoon- the Government's attempt in these institutions to appear unreasonable. In our history over the years, the annotation on a transport or lease only takes place in the case of a mortgage. Why do you want to extend it in the case of an agricultural loan? I can imagine the position of a small farmer who has to go to the bank to borrow money

year after year to turn over the money, so to speak. At the end of four or five years, he would not have a transport because it will have annotations written in red on every page.

What is the Government trying to do? What sort of security is it trying to get? Why does it extend this thing to this ridiculous situation? This is not a mortgage. If it is a mortgage, then the law will take its course and the Registrar of Deeds makes an annotation on the transport. This is a revolving action. Every year the man goes and borrow money. He has to submit his transport so the annotation can be made in red. He does not want a decorated transport, all he wants is a loan. In five years' time he will have to go to the Court to get a new transport. He will have to go for cancellation, I presume. Some money lender must have been drafting this Bill for the hon. Minister.

Cde. Reepu Daman Persaud: I feel even stronger on 41(3) and I will tell you why. Most of these clauses clause 39, and so on, have been drawn verbatim from Volume 10, with minor changes to tidy them up. The Guyana National Co-operative Bank Act has been used as a precedent in this respect but one sees the competence or imagination of the person who drafted this Bill. That is clearly expressed in clause 40(3) which I indicate right now and I formally move its deletion. I quote the subsection:

“A charge may be made in favour of a financial institution with such terms and conditions as may be prescribed and specified therein and, notwithstanding the provisions of any law, such prescription may include the creation of offences and penalties for breach of any such term or condition and the exclusion or modification of the application of any other enactment with respect to the charge, where the charge is created on immovable property...”

This is one further and the farmer, to put it in colloquial terms, is put in greaterbecause the agreement will be written. Regulations are going to follow the Principal Act and the Minister will be vested with that power to make regulations to bring in force what has been left out of the National Co-operative Bank Act.

If one looks at page 19 of Chapter 85:03 one will see that provisions apply to every charge created under section 33. This is relevant to this Act but the Government probably feels it more clever not to spell out the type of action, criminal action, that will be taken against the farmer and so that aspect of the operation of enforcement is clouded in 40(3). There can be no explanation to this. Why does the Minister want to create offences in a purely civil transaction? Transactions are known to everybody. You enter an agreement, you have so many various ways through which and by which the agreement can be enforced. There can be declaration as to the content and the language and the interpretation of the agreement by way of motion to the

Supreme Court and what have you. Why do we want, in the case of Government, to create more offences?

The regulations are going to be issued, I think the regulations are subject to negative resolution. Regulations come automatically. We will be handed them and at that stage the opportunity is not there for us to express our views and so we seize the opportunity now. I think the legal processes are adequate for the Government to move to collect from bad paymasters and there is provision where there will be inspection. When the first amount is advanced, if the man starts using it for purposes other than the purpose for which it was given, you stop lending immediately and you move to recoup the first advance. From the time he gets his first advance a borrower cannot do a wrong if the Government machinery is effective. There is clear provision in this Act. Why then does the hon. Minister, who is talking about socialism and what have you, want to create so many offences?

The peasants of this country, many of whom have produced crops to feed us over the years, have never seen the doorsteps of the police station or the courts but it looks clear that this Act will take the most innocent to the courts. The law is there. The Minister has given us the assurance: we are going to be very polite, we are going to look at each case on its merit. But the Minister is not going to go and investigate.

We know Guyana for what it is; we are not unaware of the activities of the Rice Action Committee and such other committees as function between the Government and the farmers. There are men who are going to deal with the farmers. I understand what I am saying. They will say, "I have to report to the Minister, or to the proper authority, or to the financial administration, or to the financial institution so created, as to what your particular position is, if you have really lost, if you have really suffered by rain or by drought or by some other means, whereby you can justify these provisions not being enforced against you." It is based on such arguments that I strongly oppose 40 (3).

6.25 p.m.

Let me say very clearly in conclusion that where the Government has avoided spelling out the many offences on page 18, Guyana National Co-operative Bank, Chapter 85:03, which is related to section 30 of this Act. This one provision gives that same effect and that is why I say it shows the competence of the person who have drafted it. Surely the draftsmen have to carry out a policy. The members of the Government say "We want this. You now put it in proper language so that it can have that effect." The draftsman undoubtedly has done this. But this is wrong, this is hiding, this is deceiving, this is fooling the farmer. Come clean and show that they are going to be prosecuted. Why omit the offences from the Act and bring them in the Regulations? I would like to ask the hon. Minister why he wants to create offences tribal by a magistrate sitting in criminal jurisdiction and not in the civil jurisdiction in a matter which is purely civil and not criminal? It is wrong and in opposing it I want the Minister to treat our contributions, particularly with respect to farmers, as contributions made in good faith in the

interest of agriculture, in the interest of the farmer, in the interest of the country. We want to see greater development in this field and greater production in this field and we want to encourage and implore Government to help farmers and not to do anything which would impede their enthusiasm for production for this country.

Amendment –

That subsection (3) be deleted

proposed.

Cde. Mohamed seconded.

Cde. Hope: Cde. Chairman, I think it is very significant. The Member of the Opposition pointed out that some of these clauses are already in the law, they are in the Guyana National Co-operative Bank Act. There are two significant things to that. One, they have been there and there has been no outcry. There has been no instance where they have been applied in form that causes a hardship. It is nothing new; it has been the law for almost six years. We hardly recognized the fact that it was there because it has never been applied in a form to cause a hardship to anyone.

Secondly, I think it is significant that those provisions have not been repeated in the legislation here. It would have been so easy to repeat them. The implications are that when drafting the charge, one can take a much more flexible position that if one had the provisions included in the law. In fact, it is not mandatory, it states “may include” and, therefore, when the charges are to be drafted the policy-framers or the management of the institution concerned are left relatively free, relatively unencumbered in terms of what they have to put in the charge. If, in fact, we had repeated it, as the Co-op Bank has it, then it would have had to be in the charge. Now it does not necessarily have to be in the charge. That degree of flexibility is important. The fact that we did not repeat it indicates that we on this side of the House are completely sensitive to the issues which have been raised. There is nothing to suggest that these clauses will be implemented, because the law says “may” and there is the fact that they have not been included in the law in the first instance although one could so easily have included them in the present legislation.

Cde. Persaud: just one point. The Clause to which I referred is not within the Guyana National Co-operative Bank Act. 40(3) is a new inclusion. I think the Minister is missing the point. This is not in the Act and the point I make is this: any legislator who is worth his salt must of necessity see in this section that the Minister will make regulations and he will make regulations for the creation of offences punishable in the criminal court. If the Cde. Minister says “No. I have no such intention.” Then, the earliest thing to do at this time is to tell the farmer, “I will not make regulations to create criminal offences in so far as lending from the financial institution is concerned.” I am sure the Minister understands clearly what I am saying.

He did it very nicely and smoothly to say, “We are very sensitive”. But we are more sensitive because it is in the law. It is like the other point made by the hon. Member, Cde. Ram Karran earlier when he spoke of discretion. It is true that the Interpretation Act gives certain discretionary powers, but when legislation is made the judge is compelled to take into account the intention of the legislators when they make provisions. Judges have often been heard saying that the legislation or section is very clear and that so and so happened. Very rarely will they want to revert to that power which is isolated in the Interpretation Act. That being so want the legislation itself to indicate our feelings in the House. For that reason I so strongly argue.

The Chairman: Cde. Minister, do you wish to state anything further?

Cde. Hope: I am not sure I can add to what was already said.

The Chairman: I merely wanted to know whether you wanted to say something further.

Cde. Hope: Not on that. The hon. Member Mr. Ram Karran did raise the question of annotations being made on the charges and it seems to me that he missed the point. The annotations, as I understand it, give these charges the legal effect of a mortgage without the legal cost and procedures involved in securing a mortgage. All of this was designed to simplify and to reduce the cost of the farmer. It is important to observe that what we are doing here is to ensure that the farmer can get loans very simply without going through the long ringmarole of a mortgage court. It really simplifies the procedure.

Question –

That clause 40(3) be deleted

put, and negatived.

Clause 40, as printed, agreed to and ordered to stand part of the Bill.

The Chairman: Comrades, it is after 6.30, shall we proceed to finality?

[Comrades and honourable Members indicated in the affirmative].

Clauses 41 to 43 agreed to and ordered to stand part of the Bill.

6.35 p.m.

Clause 44.

Cde. Collymore: Cde. Chairman, we must say that the Bill seems to have been drafted by a schizophrenic person. It started off well in the first half and in the second half farmers and other borrowers are treated as though they are rascals. We on this side of the House do not think that Government is correct in treating borrowers in co-operatives institutions in this manner. A substantial portion of this Bill is full of blood-curdling legislation, severe penalties, fines and so on.

In the beginning I made the observation that co-operatives are very important in any socialist thrust and I said that the Government must make the co-operatives encouraging to farmers and other persons interested in co-operatives. But these penal measures will discourage more than encourage them and will act as a brake in the agriculture drive.

I want to ask the Minister if there are any incentives built into this Bill because I have been searching the clause for several days and I have seen none. If incentives are not within the Bill – incentives to encourage farmers and co-operatives to speed up payments and not dodge payments or refuse to pay – can the hon. Minister say if they are within the mechanisms of the various co-operative institutions. Farmers and co-operative borrowers should be given incentive to pay up rather than make provision for blood-curdling legislation, and hounding them down for payment. Some of them honestly cannot afford to pay. Many farmers are practically hand to mouth. They are poor and with the flooding they have not reaped their crop as they expected.

I think the second part of the Bill actually runs counter to the beginning of it.

Mr. Singh: I wish just to point out that in the 4th line of Clause 44 (e) the words “the financial institution without prejudice to any other remedy, may refuse to advance any portion of the loan still outstanding”. Should not from part of (e) but should be separate and apart. It applies to (a), (b), (c) (d) and (e).

The Chairman: Thank you, hon. Member. Cde. Minister of Finance.

Cde. Hope: Cde. Chairman, I am not sure what incentives the Cde. Member of the Opposition is referring to. I thought that in the course of the long discussion this afternoon we did indicate that there are a number of ways in which we have sought to make borrowing easy to farmers. The mere fact of having set up the bank is really an incentive to the farmer.

The facts are that we have made monies available to the farmer on a fairly long-term basis and these are terms on the basis of which he can pay easily. We have put the interest rates at the very lowest that the cost of money and other things would suggest. We have so calculated the interest rate as to minimize the incidence of interest. In various ways, we have, in fact, sought to provide farmers with financial incentives quite apart from the other incentives they may be getting from the Ministry of Agriculture and so on. But in fact if the Cde. Member of the Opposition is looking for that kind of thing in the Bill it is not here naturally. But it is in the terms on which the financial institution would be operating and it is in the terms of the Agreement which would be worked out with the prospective borrower.

But what is the hon. Member rowing about. In this particular Clause it is said that where a financial institution has approved a loan but the whole loan has not been drawn down, the financial institution may have the right to refuse to give the rest certain circumstances. This is one of the circumstances if the sums already advanced were not applied to the purpose for which the loan was made. Now I cannot see there is anything to quarrel about.

You have an institution lending a man money for a particular purpose, purpose (a). he has not drawn down all the money, but before he drawn down the rest the financial institution finds that he has not used the money which he has drawn so far for the purpose for which it was lent, so the financial institution says “Look, we are not giving you the rest.” What is wrong with that?

I am no sure the Cde. Member of the Opposition really understands what the section is dealing with. Another says “the financial institutions may refuse to give the rest of the money if it has been discovered that there has been a breach or non-observance of any conditions under which the loans have been granted. That is perfectly standard. If you lend a man a sum of money and he has not used it for the purpose or he has breached the conditions, at least you have the right to say “I am not lending you the rest,” if in fact he has drawn down all. The conditions there are seeking to deal with breaches where a person has not done the right thing. It has nothing to do with the way the crop has failed. It is where the man has not done the right thing with the money for the purpose for which it was lent, and all it is saying is “If there is a balance left. We are not going to give it to you”.

Clause 44 agreed to and ordered to stand part of the Bill.

Clause 45

The Chairman: Hon. Member Mr. Singh.

Mr. Singh: Mr. Chairman, I would like to get some clarifications as to what the procedure is here in respect of Clause 45. The normal procedure is that when property that is security on a mortgage is sold, it is sold at execution. I would like to know whether that procedure that is envisaged here, that when the mortgaged property is sold it would be sold at execution. There is some doubt in my mind created by the latter part of this Clause, namely:

“Where any property mortgaged as security for a loan made by a financial institution is sold for the purposes of the enforcement of the security the financial institution may buy such property....”

That is all right but it goes on to say –

“or sell or otherwise dispose of it as it deems fit”

I want to be assured that it means selling it back after having bought it and not that the property would come to them without having been bought at auction sale beforehand. That is what I want reassurance on.

The Chairman: Cde. Dalchand

Cde. Dalchand: Cde. Chairman, I notice adequate provisions is being sought to protect the lender here. Provision is being sought for the property to be disposed of in order to recover the amount outstanding. I have not seen any provision being made for the excess on sale of property to be paid back to the borrower. I have not seen any provision made that the property to be not disposed of for less than its security value. Will the Cde. Minister please explain?

The Chairman: Cde. Minister of Finance.

Cde. Hope: Cde. Chairman, in answer to the hon. Member Mr. Feilden Singh, the procedure would be like this: The property is sold at execution. The financial institution is not prohibited and therefore it buys. Having bought, it can sell to anyone again or retain it for its own purposes to rent or otherwise as it seems fit. I do not see anything wrong in that procedure.

With regard to the question raised by the other Member, it would seem to me that practice takes care of the question that he asked whether the person is going to get the balance if the property is sold for more than this debt. I am sure practice takes care of that. The law does not have to provide for that.

Cde. Dalchand: The second part of the question is that it is made certain that the property is not sold for less than the accepted security value.

Cde. Hope: As I understand it, it is purely a matter of what takes place at the auction.

Clause 45, as printed, agreed to and ordered to stand part of the Bill.

Clause 46, agreed to and ordered to stand part of the Bill.

Clause 47

Cde. Ram Karran: The latter part of this Bill has been described as oppressive and this sub-clause (2) of Clause 47 indicates to the fullest extent the depth to which the Government will go not only in making criminals of people who harmlessly and innocently find themselves in difficulties but to put on them now the responsibility of proving that they were not so so so. The old adage is that a man is innocent until he is proven guilty. To make it easy for these money lenders, I think the Cde. Minister's name should be changed and the middle one be Krishna. But the borrower comes now he applies for a loan, he is charged before the court, the Government does not prove that he is guilty, the onus, the responsibility, is on him to prove that he acted in good faith. The adage, as I said before, has in the past always been that the offence must be proven by the prosecutor but here we are giving the Government an added advantage of putting the burden on the man to prove that he did this act in good faith.

The Chairman: Cde. Minister of Finance.

Cde. Hope: Cde. Chairman, I find difficulty in understanding the thrust of what the Cde. Member is saying. Every Act provides for offences. There is no Act without an offence. I am not sure what the problem is unless of course he thinks we sit here and have a situation where we create institutions leaving it free for the dishonest to prosper on the base of it. If that is what he is worried about he certainly has reason to worry because we will not sit here for that purpose. He says that a man finds himself in difficulty. I cannot understand how finding himself in difficulty can be associated with this clause. What does this clause say?

“Any person who –

- (a) obtain a loan, from a financial institution under the provisions of this Act by means of any false representation: ...”

that is a dishonest man. Any person who

- (b) willfully fails to disclose any material information within his knowledge in making application for a loan from a financial institution; ...”

In other words, he knows that he is not entitled but he does apply.

- (c) willfully applies any loan made to him by a financial institution under the provisions of this Act to any purpose other than the purpose for which the loan was made;”

What does the Cde. Member want? To protect rascals? This Act does not seek to make it easy for rascals to operate. Any person in any criminal proceedings in a second offence – [Interruption]. I am saying this, this law does not seek to make it easy for rascals to operate, only a rascal would do these things. Therefore if you are really operating honestly, if you are borrowing honestly and you are using it for the purpose it was borrowed, this section will never apply to you. I think the Cde. Member is seeking to really protect dishonest people, it is no wonder that we had to wind up the Credit Corporation.

Cde. Reepu Daman Persaud: Cde. Chairman, I want to state clearly that no member sitting on this side has any intention at all to protect any rascal or to encourage non-payment of loans, so set the record straight. But what I want to say is this. It is the burden of the person prosecuting to say that the man when he expended the loan did not act in good faith and in fact if he had a defence, he can use that defence without that clause. That clause does not help the accused. It helps the Government who will be prosecuting. The first thing you have to prove is that the man did not act in good faith, you have to prove that he did not use the money for the purpose he borrowed it. All those burdens must rest squarely on the shoulders of those taking criminal proceedings against the man. We want people to be prosecuted. All we are saying is let the normal procedure be followed. If the hon. Minister was saying we are going beyond the normal law, well there is a difference in the manner of approach.

Clause 47, as printed, agreed to and ordered to stand part of the Bill.

Clause 48

Cde. Ram Karran: Cde. Chairman, before you move on, I want to draw the attention of the Cde. Minister to the anachronism which appears in sub-clause (7). In all the offences that have been created and the penalties that have been set down, the fines and punishment bear relation to the value. Insofar as witnesses attending are concerned, sub-section (7) a ridiculous situation remains in the Bill. Apparently no research has been done on it, and the poor chap is going to be paid as if he were a witness attending a legal proceeding in obedience to a summons. I think that the princely sum is stated under this heading is \$5 in the case of professional people and it must be something between \$1 and \$1.50 in so far as it relates to farmers and workers. I merely brought this to the Minister's attention. I think it was anachronistic and I leave it to the Minister's judgement as to whether he will bring that too up-to-date as he has brought the penal side up-to-date.

6.55 p.m.

Clause 48, as printed, agreed to and ordered to stand part of the Bill.

Clause 49 and 50 agreed to and ordered to stand part of the Bill.

Clause 51

The Chairman: Cde. Minister of Finance.

Cde. Hope: Cde. Chairman, I wish to propose an amendment which would require the substitution of the words "The Companies Act and Insurance Act" for the words "and the Companies Act" in clause 51.

Amendment proposed, put and agreed to.

Clause 51, as amended, agreed to and ordered to stand part of the Bill.

Clause 52 and 54 agreed to and ordered to stand part of the Bill.

Clause 55

The Chairman: Cde. Minister of Finance.

Cde. Hope: I proposed the insertion of the words "of the National Assembly" after the words "Affirmative Resolution" in clause 55 (1).

Amendment proposed, put and agreed to.

Clause 55, as amended, agreed to and ordered to stand part of the Bill.

Clause 56

The Chairman: Cde. Minister of Finance.

Cde. Hope: Cde. Chairman, I wish to propose the insertion of the words “of the National Assembly” after the words “Affirmative Resolution” in Clause 56 (1).

Amendment proposed, put and agreed to.

Clause 56, as amended, agreed to and ordered to stand part of the Bill.

Clause 57 to 60, agreed to and ordered to stand part of the Bill.

Clause 61.

The Chairman: Cde. Minister of Finance.

Cde. Hope: Cde. Chairman, I wish to propose the amendment to clause 61 which has been circulated. The whole purpose behind the amendment is really to bring the G.N.C.B Trust Company within the ambit of the financial administration and to make some consequential changes. I therefore propose the amendment.

Cde. Ram Karran: I wonder if the hon. Minister would not like to get some more time before he takes a Third reading because I am certain with a little more time, the hon. Minister would be able to do a little more home-work and perhaps increase the schedule to which he has added when we are about to take the Third reading.

Amendment proposed, put and agreed to.

Clause 61, as amended, agreed to and ordered to stand part of the Bill.

Assembly resumed.

Bill reported with amendments, read the Third time and passed as amended.

ADJOURNMENT

The Speaker: Cde. Leader of the House.

The Minister of Parliamentary Affairs and Leader of the House: Cde. Ramsaroop]: Cde. Speaker, for the information of the Members of this House, the Order Paper for the next Sitting has been circulated and the items to be discussed then have been stated. I move the adjournment of this House to Wednesday, 30th June, 1976.

Adjourned accordingly at 7.05 p.m.
