

under the next branch expansion policy period.

[English]

### Restructuring of Public Sector Banks

280. SHRI K. RAMAMURTHY : Will the Minister of FINANCE be pleased to state :

(a) whether the 1970 Banking Commission, 1976 Manubhai Shah Commission and the 1978 James Raj Commission have unanimously rejected the concept that the principle of competition would be sacrificed if the public sector banks are restructured to form a single monolithic corporation on the pattern of LIC ;

(b) if so, the steps being taken to restructure the 28 public sector banks which account for over 90 per cent of banking operations in the country ;

(c) whether the State Governments are showing their clear preference for commercial banks in rural areas despite the Reserve Bank of India's branch expansion policy under which the further expansion into rural areas is to be restricted to regional banks ; and

(d) if so, the details of the steps being taken to extend banking in the rural areas ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDAHNA POOJARY) :

(a) and (b) : While the Banking Commission under the Chairmanship of Shri Manubhai Shah did not submit any report, neither the Banking Commission of 1970 nor the James Raj Committee had recommended restructuring of public sector banks into a monolithic single organisation. However, various aspects of the operations of the public sector banks, including that of the appropriateness of their structure, are kept by the Government under continual review with a view to bringing about an improvement in their functioning.

(c) and (d) : The branch licensing policy of Reserve Bank of India for the period ending March, 1985 envisaged

providing a bank office for every 17,000 population in rural/semi-urban areas. In the districts covered/proposed to be covered by Regional Rural Banks, preference has been given to the Regional Rural Banks in opening branches in rural areas. It is not correct that State Governments have been preference to commercial banks for opening bank offices at rural centres.

### West Bengal State's Share as Recommended by Eighth Finance Commission Question

281 : SHRI AMAR ROY-PRADHAN  
SHRI ANAND PATHAK  
SHRI HANNAN MOLLAH

Will the Minister of FINANCE be pleased to state ;

(a) whether a Left front MPs delegation had met the Prime Minister regarding West Bengal State's share of Rs. 300 crores of additional fund as recommended by the Eighth Finance Commission and

(b) if so, the details in this regard and decision taken so far in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDAHNA POOJARY) :  
(a) : Yes, Sir.

(b) In a memorandum dated 30th January, 1985 addressed to the Prime Minister, a delegation of MPs from West Bengal asked for the implementation of the final recommendations of the Eighth Finance Commission from 1984-85. They have stated that as a result of Government's decision to implement the final report of the Commission from 1985-86 (instead of 1984-85), the West Bengal Government suffered a loss of Rs. 300 crores.

The memorandum was examined but it was not considered necessary to review the earlier decision of the Government in this regard.