

**COMMITTEE ON THE WELFARE OF
SCHEDULED CASTES AND
SCHEDULED TRIBES
(1991-92)**

(TENTH LOK SABHA)

SIXTH REPORT

**MINISTRY OF FINANCE
(DEPARTMENT OF ECONOMIC AFFAIRS—BANKING DIVISION)**

Reservations for and Employment of Scheduled Castes and Scheduled Tribes in Punjab National Bank and Credit Facilities provided by the Bank to Scheduled Castes and Scheduled Tribes



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Laid in Rajya Sabha on 27 April, 1992

**LOK SABHA SECRETARIAT
NEW DELHI**

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CORRIGENDA

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Sixth Report (10th L.S.) of the Committee on the Welfare of SCs/SIs on Punjab National Bank

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2/9/1993

COMMITTEE ON THE WELFARE OF SCHEDULED CASTES AND
SCHEDULED TRIBES(1991-92)

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I N T R O D U C T I O N

I, the Chairman, Committee on the Welfare of Scheduled Castes and Scheduled Tribes, have been authorised by the Committee to submit the Report on their behalf, present this Sixth Report (Tenth Lok Sabha) on the Ministry of Finance (Department of Economic Affairs—Banking Division)—Reservations for the employment of Scheduled Castes and Scheduled Tribes in Punjab National Bank and credit facilities provided by the Bank to Scheduled Castes and Scheduled Tribes by the Bank.

2. The Committee took the evidence of the representatives of the Ministry of Finance (Department of Economic Affairs—Banking Division) and Punjab National Bank on 31.11.91 and 14.11.91. The Committee wish to express their thank to the officers of the Ministry of Finance (Department of Economic Affairs—Banking Division) and Punjab National Bank for placing before the Committee material and information the Committee wanted in connection with the examination of the subject.

3. The Report was considered and adopted by the Committee on 9 April, 1992.

4. A Summary of conclusions/recommendations contained in the Report is appended (Appendix).

NEW DELHI;
10 April, 1992

21 Chaitra, 1914 (Saka)

K. PRADHANI,
Chairman,
Committee on the Welfare of
Scheduled Castes and
Scheduled Tribes.

CHAPTER I
REPRESENTATION ON BOARD OF DIRECTORS

(a) Organisational Set Up

Punjab National Bank has a three tier organisational set up viz. Board of Directors, Chairman and Managing Director and Executive Director in a hierarchical relationship with each other. The Executive Director is supported by six General Managers. Their respective functional areas being:

- (1) Personnel Management
- (2) Priority Sector Lending
- (3) Finance
- (4) Deposit Mobilisation
- (5) General Administration
- (6) General Manager (U.P. State)

1.2 In addition to their main functions all the General Managers are looking after the credit Management with specific zones/areas allocated to them.

1.3 The General Managers have operational and functional responsibilities and are assisted by Deputy General Managers and Assistant General Managers who look after assigned functions/departmental responsibilities.

1.4 The Bank has 12 zones comprising of 66 Regions. The Zonal Offices are located at Patna, New Delhi, Bhopal, Calcutta, Chandigarh, Ludhiana, Jaipur, Madras, Agra, Lucknow, Meerut and Bombay. The scope of operation of each Zone varies from 2 to 10 Regions. Each Region comprises of 25 to 55 branches approximately and there are 3022 branches in all as on 31 October, 1991. There is no overseas branch of the Bank.

(b) Board of Directors

1.5 At present the Board of Directors of Punjab National Bank is composed of only nine Directors Viz., Chairman and Managing Director, Director representing Government of India, Director representing Reserve Bank of India, Director representing the workmen Employees and Five non-official Directors and there are vacancies of Executive Director, Officer-Employee Director and 4 non-official Directors. There is at present no Director belonging to SC/ST on the Board of Punjab National Bank and it would be the endeavour of the Government to

appoint one non-official Director belonging to Scheduled Caste/Scheduled Tribe as and when the remaining vacancies are filled up.

1.6 Asked about the reasons for delay in constitution of the full Board and efforts made to appoint as Scheduled Caste/Scheduled Tribe non-official director on the Board of Punjab National Bank, it has been stated that in September-October, 1989, 102 non-official Directors were appointed on the Boards of 20 Nationalised Banks. It was at that time one non-official Director belonging to SC/ST was appointed on the Board of Directors of 12 banks, other than Punjab National Bank. It has been stated that it would be the endeavour of the Government to appoint at least one Director belonging to SC/ST on the Board of the remaining nine banks also as and when the remaining vacancies on their Boards are filled up.

1.7 As regards the reasons for delay in constitution of the full Board of Punjab National Bank, no explanation has been given by the Ministry.

1.8 The Committee as early as in 1980 in their Report on Central Bank of India recommended that there should be one SC/ST Director on the Board of Directors of all nationalised banks. Since then the Committee have been recommending in all their reports on Nationalised Banks that this policy should be scrupulously followed. Asked to state what steps have been taken by the Government to ensure representation of Scheduled Caste/Scheduled Tribe on the Board of Directors of Punjab National Bank, the representative of the Ministry of Finance stated: "A scheme for appointment of the Board of Directors in the nationalised banks has been prescribed by a notification issued as the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1980 under Section 9 of the Banking Companies Act." The Notification provides for 9 non-official directors on the Board of Directors of the nationalised banks which represent the interest of various economic groups.

1.9 During the evidence, the Committee were informed that there was no statutory provision for appointment of any Scheduled Caste/Scheduled Tribe on the Board of Directors of Nationalised Banks. Government had always been endeavouring to ensure that at least one member of Scheduled Caste/Scheduled Tribe should be there in various boards of the banks. Asked to state as to when it was decided that one SC/ST member should be there on the Board of Directors, the witness stated that this decision was taken after the announcement of the scheme in 1980. Further asked to explain the measures Government propose to take to implement the recommendation of the Committee towards inclusion of one Scheduled Caste/Scheduled Tribe member on the Board of Directors and whether it would be done by making a statutory provision or by issuing a directive in this regard. The witness stated:

"Since there is a constitutional protection for the Scheduled Castes & Scheduled Tribes, a similar thing could be extended to the appointment of the Directors from the Scheduled Caste & Scheduled Tribe

on the Board of Directors of the Nationalised Banks. Once the Government takes a view, I suppose it should not be difficult because the Notification is issued mentioning the appointment of the Directors; and it will be possible to amend the Notification including the Directors from the Scheduled Caste & Scheduled Tribe."

1.10 When asked about the difficulty in issuing a Notification on the subject, the witness stated:

"We can still ensure their representation on the Boards. Government can examine this issue. But the decision will be taken at the Government level; Government means approval has to be done at the Cabinet level."

1.11 As regards the view points of the Reserve Bank of India on the issue, the witness submitted:

"On the question of making a statutory provision for having at least one non-official Member belonging to Scheduled Caste/Scheduled Tribe on the Board of the Nationalised Banks, the Reserve Bank of India has expressed a view that it may not be enough to carry out an amendment to the Act about the nationalised banks. Such a provision has to be made in the State Bank of India Act and the Acts relating to other institutions also. The Government's endeavour is to ensure representation of SC/ST candidate without making any statutory provision."

1.12 Asked to react on the suggestion of the Commission for Scheduled Castes and Scheduled Tribes that 'there can be a guideline saying that the Government shall make an endeavour to appoint a SC/ST Director on the Board of Directors' the witness stated:

"I tend to agree with the latter suggestion that there can be a guideline formally to the Department in writing for ensuring the representation of Scheduled Caste/Scheduled Tribe on the Board of Directors in the Bank."

1.13 The Committee note that in pursuance of their recommendation in their earlier reports, Government had appointed in September-October 1989, one non-official Director belonging to SC/ST in each of twelve nationalised banks. They, however, view with concern that the Board of Directors of PNB and eight other nationalised banks still do not have any Member of SC and ST.

1.14 As regards PNB, the Committee were informed that there were vacancies of 4 non-official Directors and it would be the endeavour of the Govt. to appoint one non-official Director belonging to SC/ST as and when the remaining vacancies are filled up. They were also assured that it would be endeavour of the Govt. to appoint at least one Director belonging to SC/ST on the remaining banks also as and when the remaining vacancies on their Boards are filled up. The Committee regret to note the delay in filling up the vacancies and appointment of SC/ST Directors on the Boards of these nine Banks. They desire that the action in this regard should be expedited.

The Committee find that the Nationalised Banks (Management & Miscellaneous Provisions) Scheme, 1980 (as amended in 1988) has no provision for appointment of Director representing the interests of SC/ST although it provides for non-official Directors representing the interest of various economic groups. The Committee, recommend that immediate steps should be taken to amend the Scheme to provide for inclusion of a SC/ST person as one of the Directors on the Boards of all nationalised banks. Meanwhile suitable guidelines in writing may be issued for ensuring the representation of SC/ST on the Board of Directors in these banks.

CHAPTER II
RESERVATION IN SERVICES

(a) Recruitment

The recruitment is made in three cadres i.e. Officers, Clerks and Subordinate and for the recruitment of all these three cadres the reservations are being provided since July, 1969 as under:

| Cadre | Percentage of reservation provided | |
|------------------|--|-----|
| | SCs | STs |
| | 15% | 7½% |
| (a) Officers | The reservation is provided as prescribed by the Govt. of India which varies from State to State depending on the population of SCs/STs. | |
| (b) Clerks | | |
| (c) Subordinates | | |

(b) Staff Strength

2.2 The number of employees and the number of Scheduled Castes and Scheduled Tribes amongst them in all the cadres of the Bank as on 30.6.1969 and 31.12.1989 is stated to be:

| Category of Posts | Total No. of Em- ployees | Number of | | Percentage of | |
|---------------------------------------|-----------------------------|-----------|------|---------------|------|
| | | SCs | STs | SCs | STs |
| As on 30.6.1969 | | | | | |
| Officers | 1683 | — | — | — | — |
| Clerks | 7014 | 5 | — | 0.07 | — |
| Sub Staff | 3854 | 373 | 22 | 9.68 | 0.57 |
| As on 31.12.1989 | | | | | |
| Officers | 14090 | 1427 | 269 | 10.12 | 1.91 |
| Clerks | 29602 | 4956 | 1147 | 16.74 | 3.87 |
| Sub Staff (other than sweepers) | 11548 | 2455 | 697 | 21.25 | 6.03 |
| Part time sweepers | 2526 | 1740 | 65 | 69.00 | 2.57 |

| Category of Posts | Total No. of Em- ployees | Number of | | Percentage of | |
|------------------------------------|-----------------------------|-----------|------|---------------|------|
| | | SCs | STs | SCs | STs |
| Full time sweepers | 305 | 266 | 4 | 87.21 | 1.31 |
| As on 31.12.90 | | | | | |
| officers | 14223 | 1519 | 272 | 10.68 | 1.91 |
| Clerks | 29938 | 5116 | 1232 | 17.08 | 4.11 |
| Sub-Staff (Other than sweepers) | 11500 | 2508 | 701 | 21.80 | 6.09 |
| Part time sweepers | 2629 | 1812 | 75 | 69.08 | 2.85 |
| Full time sweepers | 295 | 249 | 04 | 84.40 | 1.35 |

2.3 The backlog as on 1.1.89, 31.3.90 and 31.12.90 is given below:—

| Cadre | Backlog | | | | | |
|-----------|---------|-----|---------|----|----------|----|
| | 1.1.89 | | 31.3.90 | | 31.12.90 | |
| | SC | ST | SC | ST | ST | ST |
| Officer | 12 | 32 | 5 | 6 | 4 | 4 |
| Clerk | 195 | 164 | 42 | 34 | 41 | 23 |
| Sub Staff | 87 | 63 | 52 | 28 | 22 | 21 |

2.4 The reservation in direct recruitment became effective from July, 1969. At the end of June, 1969, the percentage of Scheduled Caste and Scheduled Tribe officers and clerks in the bank was nil. After nationalisation and consequent upon introduction of reservations in direct recruitment the bank has recruited till December, 1990, 3646 officers, out of which reservations were provided for 544 Scheduled Caste officers and 274 Scheduled Tribe officers. Against this the bank actually recruited 599 Scheduled Caste officers and 235 Scheduled Tribe officers, i.e. 16.42% Scheduled Castes and 6.4% Scheduled Tribes of the total recruitment of 3646 officers.

2.5 The backlog in clerical cadre is 41 Scheduled Caste and 23 Scheduled Tribe. The backlog for Scheduled Tribe is mostly in Madhya Pradesh and Delhi. For Madhya Pradesh the backlog for Scheduled Tribe clerks is 7 only. As regards Delhi, no recruitment has been made during the last two years due to policy of non-expansion of Branches and redeployment of surplus staff.

2.6 There is a backlog of 22 Scheduled Caste and 21 Scheduled Tribe in the Subordinate Staff Cadre. The backlog of 22 Scheduled Castes in

Subordinate Staff Cadre is 11 for Delhi. The backlog for Scheduled Tribes is mostly in the States of Rajasthan, Madhya Pradesh and Union Territory of Delhi.

2.7 It has been stated that the panel for clerical cadre from BSRBs for the year 1991 is yet to be received by Punjab National Bank and after the receipt of the panels the backlog would be further reduced.

2.8 As regards the reasons for shortfalls, the Committee were informed:

“The shortfall in the intake of Scheduled Caste/Scheduled Tribes candidates is only when sufficient number of suitable candidates are not made available by the Banking Service Recruitment Boards or Sainik Boards. However, in view of the recent Government Guidelines to clear the backlog as on 1.1.89, a special recruitment drive was launched and the backlog has been reduced to a considerable extent.”

2.9 When the Punjab National Bank was asked to clarify whether in the past the Bank had sent their recruitment teams to the areas predominantly inhabited by the Scheduled Castes and Scheduled Tribes in the respective regions so as to ensure that no backlog accrues in the posts reserved for Scheduled Castes and Scheduled Tribes, particularly for recruitment to the subordinate cadre, the Committee were informed:—

“So far we have not sent any recruitment teams to areas predominantly inhabited by Scheduled Castes and Scheduled Tribes particularly for recruitment to the subordinate cadre. We have so far appointed candidates in the subordinate cadre through local employment exchanges.”

2.10 In reply to a further query as to whether the BSRBs had opened centres for written test and interviews in areas which were predominantly inhabited by Scheduled Caste and Scheduled Tribe people, it was informed:—

“During 1986 and 1987, BSRB Delhi conducted written test for clerical cadre specially for recruitment of Scheduled Tribe at 12 centres outside their jurisdiction which had a pre-dominant population of Scheduled Tribe.”

2.11 As regards the reasons for not clearing the backlog, the Chairman of the Punjab National Bank submitted that the number of promotions made in the Bank were much more than those of the recruitment. Besides reservation in promotion was not applicable in the Bank till June, 1979.

2.12 During the evidence when the representative of the BSRB (Delhi) was asked for measures to ensure that reserved vacancies were filled quickly, he submitted:

“So far as the Delhi Recruitment Board is concerned, we have almost no backlog. we are getting sufficient number of candidates. Our

operational area for clerical staff is Delhi and Haryana, for which we do not require Scheduled Tribe candidates and as far as Scheduled Caste candidates are concerned, we are getting them in sufficient number. As regards officers, we are getting sufficient number. Guwahati, Jabalpur and some other tribal areas, we do not have any problem in this regard.”

2.13 The Committee note that as on 31 December, 1990, out of 14223 officers in PNB, the number of Scheduled Castes was only 1519 i.e. 10.68% and the number of Scheduled Tribes was 272, i.e.1.91% only. Even this position could be attained only after undertaking a special recruitment drive in 1989. In the case of clerical cadre, the percentage of Scheduled Castes and Scheduled Tribes as on 31.12.90 was 17.08% and 4.11% respectively. The Committee view with concern the shortfall in recruitment of Scheduled Castes and Scheduled Tribes. In the opinion of the Committee concerned efforts are required to be made by the Bank to recruit adequate number of Scheduled Castes and Scheduled Tribes, especially Scheduled Tribes in the cadres of officers as well as clerks. They recommend that the Government should direct the Bank to undertake urgently the special recruitment to fill up the backlog of Scheduled Castes and Scheduled Tribes in the cadres of officers and clerks.

2.14 The Committee note that there is a backlog of 21 Scheduled Tribes in sub-staff cadre and these vacancies are mostly in Rajasthan, M.P. and Delhi. They recommend that special recruitment teams be sent to areas predominantly inhabited by Scheduled Tribes for recruitment to subordinate cadre to wipe out the backlog.

(c) Promotion

2.15 The reservations applicable for promotion w.e.f. 1.7.1979 are as under:—

| Cadre | Percentage of reservation provided | |
|-------------------------------|---|-----|
| | SCs | STs |
| 1 | 2 | |
| (a) From clerk to Officer | 15% | 7½% |
| (b) From Subordinate to Clerk | The reservation is not applicable as per Govt. guidelines because the element of direct recruitment to clerical cadre posts exceeds 75% | |

| 1 | 2 |
|--------------------------|--|
| (c) Within Officer cadre | According to Government guidelines if the promotions are selection based then the reservations are not applicable. All the promotions within officer cadre are selection based which are on the basis of written test/interview and as such the reservations are not being provided. |

2.16 The number of persons promoted during each of the last three years in various categories of posts and the number of Scheduled Castes and Scheduled Tribes among them was furnished as under:

| Category/ Designation of Post. | Total No. of employees | Number of | | Percentage of | | Shortfalls | | Percentage | | Remarks |
|--------------------------------------|------------------------------|-----------|-----|---------------|------|------------|-----|------------|-----|-------------------------------------|
| | | SCs | STs | SCs | STs | SCs | STs | SCs | STs | |
| Sub-staff | | | | | | | | | | |
| to | | | | | | | | | | |
| Clerical | | | | | | | | | | |
| 1987 | — | — | — | — | — | — | — | — | — | Reserva- tion not applicable. |
| 1988 | 206 | 38 | 7 | 18.44 | 3.39 | — | — | — | — | |
| 1989 | 234 | 44 | 13 | 18.80 | 5.55 | — | — | — | — | |
| Clerk to | | | | | | | | | | |
| Officer | | | | | | | | | | |
| Selectivity | | | | | | | | | | |
| 1987 | — | — | — | — | — | 64 | 171 | — | — | |
| 1988 | 169 | 60 | 13 | 35.50 | 7.69 | 64 | 136 | — | — | |
| 1989 | 206 | 69 | 10 | 33.50 | 4.85 | 82 | 93 | — | — | |
| JMG Scale I | | | | | | | | | | |
| to MMG Scale II | | | | | | | | | | |
| 1987 | — | — | — | — | — | — | — | — | — | Reservation not applicable |
| 1988 | 376 | 18 | 1 | 4.78 | 0.26 | — | — | — | — | |
| 1989 | 457 | 19 | 1 | 4.15 | 0.21 | — | — | — | — | |
| MMG Scale II | | | | | | | | | | |
| to | | | | | | | | | | |
| MMG Scale III | | | | | | | | | | |
| 1987 | — | — | — | — | — | — | — | — | — | Reservation not applicable |

| | | | | | | | | | |
|-------------|------------|----------|----------|-------------|-------------|----------|----------|----------|----------|
| 1988 | 145 | 2 | — | 1.37 | — | — | — | — | — |
| 1989 | 323 | 5 | 1 | 1.55 | 0.30 | — | — | — | — |

2.17 During the evidence when asked as to the measures to make good the huge shortfalls in promotions, it was submitted to the Committee:

“The above backlog of 82 Scheduled Castes and 93 Scheduled Tribes as on 31.12.89 has been reduced to 78 Scheduled Castes and 19 Scheduled Tribes as on 31.3.91 which will be further reduced out of the promotions being made by December, 1991. We may mention that in order to clear the backlog during the last 2 years in promotions from clerical to officer cadre through selectivity, we have filled up vacancies of Scheduled Castes and Scheduled Tribes candidates to the extent of 50% of the total vacancies. Now that sufficient number of Scheduled Castes and Scheduled Tribes candidates with the eligibility criteria are becoming available, the bank expects to clear the backlog by reserving upto 50% of the vacancies within next 3-4 years. The bank also proposes to continue with the pre-promotion training programmes for Scheduled Caste and Scheduled Tribe to enhance their chances of selection.”

2.18 On being asked whether it was a fact that in some banks, reservations had been provided in promotions upto MMG Scale III and if so, why there was no uniformity in implementing reservation orders in all Nationalised Banks, it was submitted:

“The promotion policies are drawn up by the Bank as a result of bipartite agreements entered into between the respective bank managements and the trade unions or workmen/officers operating in the respective organisation. Because of these reasons, two of the nationalised banks, viz., Bank of India and Bank of Maharashtra had two channel promotion from JMG Scale I to MMG Scale II and from MMG Scale II to MMG Scale III within their officers' cadre. A proportion of the promotions from JMG Scale I to MMG Scale II and from MMG Scale II to MMG Scale III has been earmarked for seniority based promotions while the remaining were based on selection method. Since seniority based promotions attract reservation for Scheduled Castes and Scheduled Tribes, irrespective of the grade, these banks had also provided for reservations for these communities in such promotions.

The promotions based on selection, however, do not attract reservations for Scheduled Caste and Scheduled Tribe though certain concessions are available to them in selection based promotions upto Scale III.

In the bipartite settlement entered in 1989, an agreement has been reached that all the promotions within officers' cadre should be merit based and the seniority would not carry any weightage. The banks are implementing these instructions. However recently a decision has been taken that the existing benefits available to the Scheduled Caste and Scheduled Tribe will not be withdrawn and, therefore, the policy of continuing the seniority based promotions in the two banks where they existed before, has been continued. Thus, while it would be desirable to have uniformity in the promotion system as arrived at the bipartite settlement, the existing system has been continued to safeguard the interest of Scheduled Castes and Scheduled Tribes to enable them to enjoy the existing benefits."

(d) Modification in Promotion Policy

2.19 The Office of the Commissioner for Scheduled Castes and Scheduled Tribes informed the Committee:—

"In Punjab National Bank promotions from Scale I to Scale II are made partly through seniority channel and partly through merit. In both the channel reservation orders were made applicable as per the declared policy of Punjab National Bank. The management modified their promotion policy some time in the mid-eighties to do away with the reservation. This was against the declared policy of the Government to ensure that any amendment to the rules, if affecting the interests of Schedule Caste/Scheduled Tribe, should not be allowed."

2.20 On being asked by the Committee why did the Govt. allow any amendment to the promotion policy which affected the Scheduled Caste/Scheduled Tribe employees it was informed that:

"This issue has been examined in consultation with Punjab National Bank. The exact modalities adopted by the Bank have also been studied. It was observed that both the channels contained features which were relevant only to the promotions based on selection method and not the seniority-cum-fitness method. For example, both the channels contain the zone of consideration concept and the candidates were selected on the basis of merit. The naming of one channel as based on seniority was only a misnomer. In fact, both the channels were selection based, the difference being that the one was fast track and the other was normal track. It is also a fact that Punjab National Bank had specifically provided for reservations in the normal track promotions as per their promotion policy. These were, however, never effected and subsequently Punjab National Bank deleted the provisions which were not in consonance with the policy on the subject.

In any case the matter is presently subjudice before Delhi High Court."

2.21 Asked to clarify this point during the course of evidence the representative of the Ministry of Finance stated:

“The promotion policy of the Punjab National Bank was not in conformity with the extent instructions in the matter. Then they changed the policy. They had found that there is a mistake. It is a distortion from the normal policy. They corrected some time in 1987.”

2.22 He further added

“Anything which adversely affects the interests of the Scheduled Castes and Scheduled Tribes can be done only with the approval of the Minister. These instructions were issued some time in May 89.”

2.23 Giving clarification to this point, the Chairman of the Punjab National Bank stated:

“When it came to our notice that there is a mistake in the policy that has been framed by Punjab National Bank in consultation with the officers association, we amended the policy.”

2.24 During the course of evidence, the Committee very categorically desired to know the position as regards the implementation of the judgement of the Supreme Court delivered in the case of syndicate Bank pertaining to the reservation in promotions upto Scale in on Punjab National Bank, it was submitted:

“The judgement of the Hon'ble Supreme Court in the case of Syndicate Bank is specific only to that bank. The Hon'ble Supreme Court has specifically directed that judgement had been delivered in view of the peculiar facts and circumstances as admitted by the counsels of the bank and the Govt., and the judgement will not *ipso facto* apply to other public sector banks, etc. The Hon'ble Court has specifically directed that in case Scheduled Caste and Scheduled Tribe employees of other banks desire the benefits to be given to their members, they should agitate the matter before the appropriate forums.

The Govt. has, therefore, not directed the banks other than Syndicate Bank to implement the judgement. Syndicate Bank was specifically advised to implement the judgement which is reported to have implemented the same. The Scheduled Caste and Scheduled Tribe Employees' Association in several banks have approached various High Courts/Supreme Court for implementation of the judgement in their banks. The Govt. is of the view that in order to settle the matter once for all, the issue should be decided by the Supreme Court in all the cases and has, therefore, requested the Ministry of Law to take up all the cases on the subject in the Supreme Court. The Department of Personnel and Training and the Ministry of Law have also been consulted and they have opined that

the existing policy as laid down in the Brochure on Reservations for Scheduled Castes and Scheduled Tribes (VIIth Edition) issued by Department of Personnel and Training is not for reservations for Scheduled Castes and Scheduled Tribes in promotions based on selection method within officers' cadre but for only certain concessions to be provided to them."

2.25 The representative of the Ministry of Finance, added:

"The Banking Division faithfully follows the policy of reservations enunciated by the Department of Personnel. Since the present judgement is not in tune with the policy the Banking division has taken up the matter with the Department of Personnel and the Law Ministry and has opposed the decision of the Supreme Court in a Review Petition."

2.26 Asked as to explain the case in context of the review petition filed by the Government before the Hon'ble Supreme Court which had been dismissed by the Court, the witness submitted:—

"The relief given by the Supreme Court is limited only to the Syndicate Bank officers as far as that particular judgement is concerned. Even there also as a result of this Supreme Court Decision, the affected parties have now gone to the Supreme Court saying that they have not been given an opportunity and orders has been passed which affects their interests. That petition has been admitted and it will be taken up for hearing. The finality has not been reached as far as this issue is concerned. The Supreme Court is now bunching all the petitions pending in various High Courts of the country and it will give a final judgement."

2.27 He further submitted:—

"As I mentioned, the Review Petition was raised before the Supreme Court, after the Law Ministry and the D.O.P. have concurred with it."

2.28 During the course of evidence, the witness further informed the Committee that the Supreme Court had itself restricted its earlier decision and the court was now having a second view in the matter.

2.29 It was further supplemented:

"The problem is again before the Supreme Court. Both the parties gave placed the matter once again before the Supreme Court. It is *sub-judice*. There is no finality."

(b) Special Assistants

2.30 The Office of the Commissioner for Scheduled Castes and Scheduled Tribes informed the Committee:—

".....the benefit of reservation is not being given to Scheduled Caste and Scheduled Tribe employees in the case of appointment to

the post of Special Assistants whereas in many cases the banks allow some preferential treatment to special Assistants in the matter of promotions to Scale I Officers post. Thus resulting in loss to Scheduled Caste and Scheduled Tribe employees for these preferences."

2.31/ When the witness was asked by the Committee to specify the Government view on this, he submitted:

"This issue has been examined and the Indian Banks' Association is of the view that Special Assistants are only posts within the Clerical cadre of the bank. The pay scale attached to the post of special Assistant is also the same as for any other Clerical post. However, the post of Special Assistant like several other posts in the Clerical cadre and even in the Subordinate cadre carried some special allowances attached to them which vary from appointment to appointment. These allowances are to compensate the appointees to discharge special functions. In view of this the post of Special Assistant is not considered as a promotion from the Clerical cadre and, therefore, no reservations have been provided for the Scheduled Caste and Scheduled Tribe.

The Government has advised vide their letter No. F.102/13/2/87SCT(B) dated 14.4.1987 to all public sector banks that since the post of Special Assistant is within the Clerical cadre only, the promotion posts to the officers' cadre JMG Scale I cannot be reserved for the Special Assistant cadre."

2.32 On being questioned during the course of evidence by the Commissioner for Scheduled Castes and Scheduled Tribes that since the allowance ranging from Rs. 400/- to Rs. 500/- per month being given to Special Assistants was quite substantial and this too constituted one of the points as to why the question of reservation for these posts should come into, the Chairman of Punjab National Bank stated:

These are all posts in the Clerical cadre and for performing a particular job, a special allowance is given. There are at least nine to ten posts which carry a special allowance in Clerical cadre and the allowance varies from posts to post. So, the view is that it is not a promotion and the cadre remains the same. The allowance is available to everybody depending on his performing that job. If he does not perform that job, he will not get the allowance. This is available to Scheduled Castes and Scheduled Tribes also provided they perform that job."

2.33 Details of total number of postings of Special Assistants made by the Punjab National Bank in various Branches/Officers in the last three years were submitted as under:—

| “Year | Total No. of Special Assistant | No. of Special SCs | Assistant STs |
|-------|---|--------------------|---------------|
| 1989 | 318 | 30 | 5 |
| 1990 | 426 | 28 | 6 |
| 1991 | 231 | 33 | 3 |
| | 975 | 91 | 14 |
| | Percentage Against Percentage of Clerical cadre | 9.33% | 1.43% |
| | | 16.7.4% | 3.87% |

2.34 The Committee note that there is reservation of 15% and 7 ½% for Scheduled Castes and Scheduled Tribes in promotion from clerk to officer. No percentage of reservation has however been provided for promotion from sub-staff to clerk as the element of direct recruitment in clerk exceeds 75% . Further for promotion within the officers cadre also no reservation has been provided on the ground that these promotions are selection based.

2.35 In the promotion from clerks to officers there is a shortfall of 82 Scheduled Castes and 93 Scheduled Tribes as on 31.12.89. The Committee were assured during the course of evidence by the representative of the Ministry of Finance that the entire shortfall will be cleared in the next 3-4 years by promoting Scheduled Castes and Scheduled Tribes upto 50% of the vacancies in a year. They would like Govt. to ensure that these backlog vacancies are filled up as early as possible.

2.36 The Committee find from the note furnished by the office of the Commissioner for SCs/STs that in PNB earlier promotions from Scale I to Scale II were made partly through seniority channel and partly through merit and in both the channels the promotion policy of 1981 provided for reservation for SCs/STs. However, the Management modified their promotion policy in July, 1987 to do away with the reservations, as in the bipartite settlement entered into between the management and the Officers' Association, PNB had reached an agreement that all promotions within the officers cadre should be merit based and seniority should not carry any weightage. When pointed out that the Bank could not change their policy which was against the interest of SCs/STs, the Committee were informed that the promotion policy was changed by the PNB management in July, 1987, while the instructions stating that anything which adversely affects the interests of SCs/STs could be done only with the approval of the Minister, were issued

by the Department of Personnel in May, 1989. They were also informed that the matter is presently *sub-judice* before Delhi High Court.

The Committee are unable to agree with the plea advanced by the PNB Management, and expect the Ministry of Finance to be more vigilant in future and ensure that policy guidelines issued by the Govt. are strictly observed and no aberrations are allowed to creep in. They see no reason as to why the policy being followed by the PNB should not be changed in accordance with the instructions issued by the Deptt. of Personnel. However as the matter is *sub-judice*, the Committee would like to be informed of the outcome of the Court case.

2.37 Keeping in view the multiplicity of litigations of the issue of reservations in promotions within the officer cadres in almost all the nationalised banks on account of the verdict given by the Supreme Court in the Syndicate Bank case, the Committee recommend that Government should come forward soon with a uniform and well defined policy for reservation in promotions within the officer cadres to be followed by all the nationalised banks including Punjab National Bank.

2.38 The Committee note that the posting of clerks as Special Assistants is not considered as promotion and as such the benefit of reservation is not being extended to SC and ST employees by PNB and other nationalised banks. The Committee, however, understand that a sum of Rs. 400/- to Rs. 500/- per month is being paid as special allowance to those clerks who are working as Special Assistants. The Committee further observe that during the last three years, PNB appointed as many as 975 Special Assistants out of which 91 (9.33%) were SCs and 14 (1.43%) were STs and thus the appointment of SCs and STs falls short of the prescribed percentage of reservations. Taking into consideration the fact that the posts of Special Assistants carry substantial amount as special allowance, the Committee strongly recommend that the Govt. should ensure that a fair proportion of clerks belonging to SCs and STs are appointed as Special Assistants in all the nationalised banks including PNB.

CHAPTER III
PROCEDURAL MATTERS

(a) Recruitment Procedure

As regards the procedure for recruitment to different categories of posts in the Punjab National Bank it has been stated, that the recruitment to officer and clerical cadres is done through Banking Service Recruitment Boards and the indents are placed on Boards which conducts the written test/interview etc. and provide the panels of selected candidates to Bank and these candidates are absorbed by Punjab National Bank.

3.2 In subordinate cadre, the recruitment is done through employment exchanges, District Sainik Boards/Rajya Sainik Boards.

3.3 As regards recruitment to the subordinate cadre, the Committee desired to know as to whether the Punjab National Bank was intimating the results of SC/ST candidates sponsored by the Employment Exchanges to the respective Employment Exchanges within a period of one month, if any of the reserved vacancies remained unfilled specifying the reasons therefor so as to enable the Employment Exchanges to sponsor right type of Scheduled Caste/Scheduled Tribe candidates. It has been responded:—

“Our guidelines provide for intimating the result of SC/ST candidates sponsored by the Employment Exchange in case the vacancy remains unfilled for recruitment to subordinate cadre. We also call for the second list of SC/ST candidates from the Employment Exchanges to fill up the vacancies wherever necessary.”

3.4 During evidence, in reply to another query as to whether the Punjab National Bank was intimating the reserved vacancies to the Director of SC/ST Welfare or Social Welfare in States/Union Territories and simultaneously notifying to local employment exchanges and also to one or more of the stations of All India Radio containing an advice to the prospective candidates to get their names registered with employment exchanges of the area and to approach the employment exchange for further assistance, it was stated:

“At present, this practice is not being meticulously followed. Steps are being taken to regulate the instructions on the subject, to ensure their strict compliance.”

3.5 When the Committee enquired as to the policy of the Punjab National Bank in regard to the fixing of interseniority where a candidate joined Bank after availing extension of time on selection, it was submitted:

“The seniority of the candidate irrespective of their category is reckoned only with effect from their date of joining.”

3.6 As per Department of Personnel & Training Office Memorandum No.22311/786-Estt(D) dated 3rd July, 1986 regarding the principles for determining seniority of persons appointed to services and posts under the Central Government, the relative seniority of all the direct recruits is to be determined by the order of merit in which they are selected in such appointments on recommendation of the UPSC or other selecting authority. The O.M. dated 6.6.1978 further provides that in the case of candidates who do not join duties within the prescribed period (not exceeding two or three months) and are allowed the extension of time (upto total period of nine months) by the competent authority, the seniority of such candidates would be fixed below those who have already joined the posts within the prescribed period.

(b) Promotion from Sub-Staff to Clerical Staff

3.7 In this connection it was stated that the promotions from subordinate cadre to clerical cadre is done on the basis of written test and interview.

3.8 On being asked as to whether any concessions/relaxations were being given to SC/ST employees at the time of their selection to clerical cadres, the Committee were informed:

“Since direct recruitment to the clerical cadre in the bank is more than 75% there is no reservation applicable for Scheduled Caste/ Scheduled Tribe in promotions from subordinate to the clerical cadre in terms of Government guidelines. Although relaxation/concessions are not being provided, in practice all general as well as SC/ST who qualify the written test are being approved for promotion to clerical cadre, except a few stray cases.”

(c) Reservation for Sweepers, Farashes, Chowkidars etc. for appointment as Peons

3.9 As per instructions contained in Para 5.15 of Brochure of IBA, 25% of the vacancies accruing in the Peon's Cadre should be reserved for being filled by transfer from Sweepers, Farashes, Chowkidars, etc. who have put in minimum of 5 years service and who may not be possessing the qualifications prescribed for direct recruitment to the post but who may possess elementary literacy and give proof of ability to read either English or Hindi or regional language. For the purpose of determining whether such Sweepers, Farashes, Chowkidars, etc. possess elementary literacy and have ability to read either English or Hindi or regional language, it would be necessary to hold a simple written test.

3.10 The Committee have been informed that the Subordinate Staff in the Bank consist of peons and armed guards. During the years 1982 to 1986 as many as 5266 (793+935+1145+1311+1082) persons have been

appointed to the Subordinate Cadre by Punjab National Bank. The exact number of sweepers who have been converted to the post of Peons is not available with the Bank. One of the reasons for not converting sweepers to peons has been stated to be that 'fulltime sweepers who are few in numbers are not readily agreeable to move to the interior rural branches where the vacancies arise.' However, from the information available for 7 out of 12 zones of the Punjab National Bank from 1982 to 1986, there were 53 eligible sweepers, chowkidars, frashes etc., of which only 17 were converted into peons and 2 persons refused conversion.

3.11 The Committee take serious note of the failure on the part of Punjab National Bank to scrupulously follow the instructions regarding intimating the reserved vacancies for Scheduled Castes and Scheduled Tribes to the Director of Scheduled Caste/Scheduled Tribe Welfare or Director of Social Welfare in State/Union Territory concerned and simultaneously notifying such vacancies to local Employment Exchanges and also to one or more stations of the All India Radio. They hope that in future, as assured by the Punjab National Bank, steps would be taken to ensure strict compliance with the instructions on the subject.

3.12 The Committee are not in favour of present procedure of fixing of seniority from the date of joining of the candidates by PNB as it affects the future prospects of SC/ST candidates who generally happen to live in remote areas with poor communication system as compared to the rest of the country.

They fail to understand as to why the instructions regarding fixation of inter-se seniority of the candidates in order of merit in which they are selected on the recommendations of the selecting authority as applicable in the case of Central Govt. Services, are not being followed in the PNB.

They recommend that the Govt. should review the present procedure of fixing of seniority from the 'date of joining' and suggest that fixation of inter-se seniority on the basis of 'order of merit in selection of the candidates' be made applicable in PNB as well as other nationalised banks where the present procedure is being followed.

3.13 The Committee find that no concessions/relaxations are being given to SC/ST employees for promotion from subordinate cadre to clerical cadre in PNB. They take a serious view of the fact that inspite of clear directions from the Ministry of Finance in May '86 that in cases where merit/fitness is adjudged by the qualifying examination/interview in respect of SC/ST candidates, relaxation of standards should be made in favour of SC/ST in such examinations/interviews subject to a minimum relaxation of 5% marks in both examinations as well as interviews, these are not being followed by

the Bank. The Committee desire that these instructions should be scrupulously followed by the Bank in future.

3/14 The Committee find that during 1982 to 1986, 5266 vacancies of peons and guards were filled up in seven zones of PNB and only 17 were filled up by conversion from amongst the persons holding the post of sweepers, farashes etc. The information in respect of the remaining 5 zones was not readily available with the Bank. The Committee are constrained to observe that the requirement of filling-up of 25% of the vacancies in the peon cadre by transfer from sweepers, farashes etc. is not being followed by PNB. They stress that the Bank should implement in letter and spirit the instructions for filling-up of 25% vacancies in the peon cadre by conversion from sweepers, farashes etc.

(d) Policy of Posting on Promotions

3.15 In regard to the postings on promotion it has been stated that on promotion from one cadre to another SC/ST as well as other employees are retained in the same zone subject to the availability of vacancies and in accordance with their ranking in order of merit. SC/ST as well as other employees are posted out of the zone to the neighbouring zones to meet the deficit in filling up of vacancies in the other zones. Although SC/ST candidates, who are generally recruited on the basis of relaxed standards will have to move out of the zone on promotion, but with a view to safeguard their interest, irrespective of merit rating, they on promotion from clerical to officer cadre are retained in the same zone to the extent of reservation, applicable to promotions. In the matter of postings on transfer of officer employee, he is rotated from one branch to another in the same region irrespective of whether he belongs to SC/ST or general category. Similarly, in respect of clerical employees SC/ST as well as general category employees are rotated from one branch to another within the same city. Further SC/ST as well as general category employees on promotion from clerical to officer cadre as well as JMG Scale I to MMG Scale II are posted to rural branches as a policy matter to fulfil the guidelines of 2 years of rural branch experience and there is no discrimination in this area also. Such of the officer employees who are entitled to leased accommodation, are entitled to have the leased accommodation at the places of their choice.

3.16 When asked as to how many SC/ST employees had represented to the Punjab National Bank against their posting on promotion during the last three years; it was informed:

“In respect of promotions from clerical to officer cadre as well as from JMG Scale I to MMG Scale II the percentage of employees who wrote to the bank against their posting on promotion is negligible and in case there are refusals for promotion they are debarred in accordance with the promotion policy. Once again

there is no discrimination in this policy whether the employee belongs to SC/ST or not.”

3.17 Keeping in view the general bias against the Scheduled Castes and Scheduled Tribes, especially in the rural/semi-urban areas, the Committee request that the Punjab National Bank should avoid posting Scheduled Castes and Scheduled Tribes Officers to areas where untouchability is still prevalent. Further, for the Scheduled Caste and Scheduled Tribe Officers who are posted outside their Zone after promotion or otherwise the Bank should ensure that such Officers get the proper residential accommodation and are not made to suffer mental agony on this account.

CHAPTER IV

ORGANISATIONAL MATTERS

(a) Liaison Officer and SC/ST Cell in the Ministry (Banking Division)

The Ministry of Finance (Department of Economic Affairs—Banking Division) monitor the implementation of reservation orders for and employment of Scheduled Castes and Scheduled Tribes. There is a Cell consisting of one Section Officer, two Assistants, one LDC and one Peon functioning under the charge of a Deputy Secretary who is also Liaison Officer for Scheduled Castes and Scheduled Tribes for the purpose. An Under Secretary also assists the Deputy Secretary and Liaison Officer in discharge of his functions. Joint Secretary supervises the work of Liaison Officer and the Cell.

4.2 The functions of the Cell are stated to be as under:—

“The SC/ST Cell is responsible for watching the implementation of the orders of the Government issued from time to time regarding SC/ST in the Public Sector Banks, Financial Institutions under the administrative control of the Banking Division. Besides this, the Cell takes necessary steps to ensure the implementation of Government orders regarding ex-servicemen, physically handicapped, migrants and repatriate etc. in the public sector banks and financial institutions under its administrative control.”

(b) Liaison Officer and SC/ST Cell in Punjab National Bank

4.3 The Dy. General Manager (priority sector and Lead Bank) is the Liaison Officer at Head Office of PNB and the Zonal Managers are Liaison Officers in respect of the regions falling under respective zones.

4.4 Asked as to the reasons why the Liaison Officers had not been appointed in the Regional Offices of the PNB, whereas in some other Banks they had designated Regional Manager as Ex-Officio Liaison Officer for their respective region, the witness pointed out:

“Zonal Managers have been designated as Liaison Officers for SC/ST for effective control and implementation of reservation policies. Instructions have now been issued designating Regional Managers as Liaison Officers for their respective regions.”

4.5 As per para 10.5 of the Brochure on Reservations for Scheduled Castes and Scheduled Tribes in post/services in Public Sector Banks etc. in each Zonal Office/Regional Office of the banks/financial institutions also, a Liaison Officer, will be nominated for attending to works relating to representation of Scheduled Castes and Scheduled Tribes in such offices.

The duties of Liaison Officers for such offices will be similar to those as specified in respect of offices under their charge.

(c) Grievances of SC/ST Employees

4.6 It has been stated that there is a specific provision in the Shastri Award for redressal of grievances relating to unfair treatment or wrongful action on the part of the Bank or superiors. The promotion policy applicable to officers also has a specific provision relating to appeals. Punjab National Bank Officers (Service) Regulations also provide for appeal regarding fitment of salary etc. The above is uniformly applicable to all employees.

4.7 In addition, a complaint register is maintained by each of the Liaison Officer for monitoring the complaints/representations received from Scheduled Caste/Scheduled Tribe employees. The action taken thereon is indicated in brief in the register. Liaison Officers at Head Office and Zonal Office have periodic meetings with the representatives of the Scheduled Caste/Scheduled Tribe Welfare Association in an attempt to resolve their grievances.

4.8 During the evidence, when asked as to the precise nature of the complaints received from SC/ST employees by the Punjab National Bank and the usual time taken for disposal of the grievances, the Chairman of Punjab National Bank submitted:

“We have received 42 complaints at our office, 10 complaints pertain to promotion; 11 complaints to harassment; four cases were relating to transfer posting and 17 were of miscellaneous nature. These complaints, depending on their seriousness were investigated and placed to the competent authority.

In cases where the complaints have been received from the Government departments. We give reply to the concerned Department. If it comes directly, we take those complaints and whatever the competent authority feels desirable that type of action is taken.”

4.9 In addition, there is a Cell at the Head Offices and Zonal Offices of the Punjab National Bank:—

“The precise functions of the Cell at the Head Office and Zonal Offices were to see proper maintenance of rosters and proper implementation of reservations directives and redressal of grievances of SC/ST employees and their associations and also render assistance to the Liaison Officers in discharge of their duties in this regard.”

4.10 As per instructions in the Brochure, adequate publicity among the SC/ST employees should be given about the arrangements which exist in

the Bank for redressal of grievances of SC/ST employees so that they have no difficulty in approaching the right person at the right time for redressal of their grievances, if any.

(d) Rosters

4.11 As regards maintenance of Rosters, it has been stated that:

“40 Point roster for officer cadre recruitment is maintained at Head Office as the recruitment is done on all India basis. Percentage of reservation is 15% Scheduled Caste and 7½% Scheduled Tribe. The rosters for clerical and subordinate cadre recruitment are maintained at Zonal/Regional Offices on State-wise basis and reservation is provided as prescribed by Government of India for each State and Union Territory. This is 100 point roster.

The roster for promotion from clerical to officer cadre (Selectivity) are maintained at Head Office as these promotions are made on All India basis through competitive examination. The rosters for promotions for seniority-cum-absence of demerit track are maintained at Zonal Offices. These are 40 Point Rosters. The rosters at Head Office are inspected by the Liaison Officer and report is submitted to Chairman & Managing Director. The rosters in the Zones are however inspected by Zonal Managers who are also Liaison Officers and the report is submitted by them to Head Office.”

4.12 In reply to a query as to whether separate rosters (discipline-wise) were being maintained by the Punjab National Bank as had been suggested by the Commissioner for Scheduled Castes and Scheduled Tribes to the Bank, it was submitted:

“The matter regarding maintenance of discipline-wise rosters in JMG Scale I was considered and our views were conveyed to the Commissioner’s Office as well as to the Government of India. We have explained that in case, we are maintaining the rosters for each discipline, we may be simply piling up the backlog as we do not get adequate SC/ST candidates for specialist officers requiring technical skill by maintaining common rosters. By grouping the post for recruitment to various disciplines, we are able to appoint more SC/ST candidates through the recruitment channel by BSRB Delhi for the post of Management Trainee/Probationary Officers. Grouping has been done in accordance with the provisions of the Brochure and in the overall interests of the SC/ST.”

4.13 When it was asked as to whether the Liaison Officer at the Head Office of Punjab National Bank was visiting the Zonal/Regional Offices of the Bank to inspect the rosters to ensure proper implementation of reservation orders as per the directives of the Department of the Personnel and Training in this regard, it was submitted:

“At present annual inspection of rosters is being done by the Liaison Officer at Central Office in respect of officers and by Zonal Managers who are Liaison Officers in respect of Zones for recruitment to clerical and sub-staff cadre. The report of Liaison Officer at Central Office is placed before the Chief Executive.”

4.14 The Committee regret to note that despite instructions for appointment of Liaison Officers at the Regional Level in all the nationalised banks, the PNB had not complied with the instructions. It was only recently, after the Committee took up the matter, that instructions had been issued by the Bank to designate the Regional Managers as Liaison Officers for their respective regions. The Committee stress that the Govt. should ensure that the instructions for appointment of Liaison Officers at Regional Offices are implemented by all the nationalised banks expeditiously.

4.15 The Committee also desire the Govt. to ensure that SC/ST Cells function at the Regional Offices of all the nationalised banks including PNB to assist the Liaison Officers. Adequate publicity should also be given among SC/ST employees through their Associations about the arrangements which exist in the bank for redressal of the grievances of SC/ST employees so that they have no difficulty in approaching the right person for redressal of their grievances, if any.

4.16 The Committee observe that the Liaison Officer at the Head Office of the PNB has not been visiting the Zonal/Regional Offices of the Bank to check the rosters and to ensure the proper implementation of Reservation orders as per the Directives of the Department of Personnel and Training in this regard. They would like the Government to ensure that the Liaison Officer at the Head Offices of all the nationalised banks visit the zonal/regional offices of their banks regularly to check the maintenance of rosters and to effectively monitor the due compliance of the Reservation orders.

CHAPTER V

MEASURES TO IMPROVE RESERVATIONS IN SERVICES

(a) Pre-Recruitment Training

Pre-recruitment training is imparted to SC/ST candidates for officers and clerical recruitment of Banking Service Recruitment Boards by training college/centres of PNB for a duration of one week. PNB provide study material, pen, pad, tea, lunch to participants free of cost. During the last three years, PNB imparted pre-recruitment training to SC/ST candidates as under:—

| Year | No. of Programmes | — Persons trained |
|------|-------------------|-------------------|
| 1987 | 42 | 2071 |
| 1988 | 69 | 2264 |
| 1989 | 62 | 2982 |

5.2 Asked as to the duration of such training and also whether such training was considered sufficient to prepare socially backward SC/ST candidates, it was informed:

“The duration of such training programme is one week and the duration is sufficient as the training involves only familiarising them with the type of questions generally asked in the written examination. The model papers are given to them and they have to attempt time and again during the programme and after wards also to acquire the requisite skill and speed for the examination. We have now issued the instructions to re-structure the training schedule in order to ensure that this training not only prepares them for written examination but also for the interview.”

5.3 During the course of evidence the Committee expressed concern over the short duration of the pre-recruitment training being provided by the banks in comparison to such training being provided to the candidates by the private institutions.

5.4 In reply to a suggestion by the Committee to have separate training centres for SC/ST keeping in view the much more influx of these candidates for such trainings, the Chairman of Punjab National Bank stated:

“Separate training centre will not be required. For example my total intake is 5-6 hundred.”

(b). Pre-Promotion Training

5.5 Asked about the duration of pre-promotion training programmes, it was stated:

“For promotion from clerical to Officer cadre, duration of training programme is one week, whereas for promotions from sub-staff to clerical cadre, it is three days. For promotion within officer cadre from JMG Scale I to MMG Scale II, it is one week. The duration of training programme is considered adequate.”

5.6 The number of pre-promotion training programmes launched for ‘within officer’, clerk to officer and sub-staff to clerk and number of persons trained during 1988, Jan. 1989 to March, 1990 and 1990-91 was as under:-

| Year | Within Officer | | Clerk to Officer | | Sub-staff to clerk | |
|-------------------------|----------------|---------|------------------|---------|--------------------|---------|
| | Prog. | Trained | Prog. | Trained | Prog. | Trained |
| 1988 | 08 | 99 | — | — | 02 | 33 |
| Jan. 89 to March 90. | 22 | 466 | 106 | 3853 | 19 | 495 |
| 1990-91 | 04 | 115 | 52 | 2283 | 23 | 628 |

5.7 Separate Data for Scheduled Castes and Scheduled Tribes was not readily available with the Bank.

5.8 It was further clarified:

“All eligible SC/ST employees in respect of promotions from sub-staff to clerical, clerical to officer and JMG Scale I to MMG Scale II are advised to attend the pre-promotion training programmes and generally they do attend such training programmes. A few officers may not be in a position to attend the training programmes owing to their personal reasons or on account of official exigencies. The programmes are beneficial to them as per the training evaluation feedback received from various training centres.”

5.9 The Committee note that no separate figures in respect of SCs and STs are available in the data furnished to the Committee in regard to SC/ST persons imparted pre-recruitment training. In the opinion of the Committee, it would be beneficial if separate information in respect of SCs and STs is maintained by all the nationalised banks including PNB.

5.10 The Committee also consider the present duration of the training period ranging from three days to one week for pre-recruitment training and pre-promotion training as quite insufficient and recommend that the duration of these trainings should be suitably increased.

5.11 The Committee would also like the Govt. to consider the feasibility of setting up of coaching cum-training centres in the areas where there is concentration of SC and ST population.

(C) Manpower Planning in Punjab National Bank

5.12 As regards manpower planning, it has been stated that the Ministry of Finance (Banking Division) has imposed restriction in staff growth for banks. In terms of Government guidelines, the Bank are permitted manpower expansion to the extent of 1% of staff strength.

5.13 In regard to the Man-power planning by the Punjab National Bank it has been stated that the Manpower exercise has been conducted by the Bank during the year 1991-92 keeping in view the limitation of staff growth to the extent of 1%. The actual manpower requirement of Punjab National Bank for the year 1991-92 is thus as under:-

| Cadre | Total | SC | ST | Remarks |
|-----------|-------|-----|----|---|
| Officers | 400 | 60 | 30 | Percentage of reservation for the SC/ST being 15% and 7½% respectively. |
| Clerical | 876 | 187 | 63 | |
| Sub-staff | 165 | 39 | 15 | |

5.14 At present the Government guidelines permit manpower expansion to the extent of one percent of the staff strength in the nationalised banks and accordingly PNB is stated to have conducted manpower exercise for the year 1991-92 and has worked out the requirement of SCs and STs in different cadres. The Committee feel that there should be manpower planning for a minimum period of 5 years to enable the PNB and the other nationalised banks to properly assess their requirement of SCs and STs in each cadre and to take timely necessary measures for the selection and training of SC and ST candidates so that suitable persons are available for appointment against the reserved vacancies as and when required. The Committee recommend that the Government should issue suitable guidelines to all the nationalised banks including PNB in this regard.

CHAPTER VI OTHER MATTERS

(a) False Caste Certificate

As regards the details of the measures taken to combat the menace of getting employment against the reserved vacancies in the Punjab National Bank by submission of false caste certificates it has been stated that during the last three years 5 complaints of false claims of being Scheduled Caste/Scheduled Tribe were received out of which 2 cases were dropped as the certificates were found genuine. In respect of one case the employee was imposed upon a major penalty of reduction by 4 stages in time scale. For the remaining two cases, the disciplinary action proceedings were in progress.

6.2 During the evidence when it was questioned as to why the services of the person who submitted false caste certificate were not terminated as per the Government of India's instructions on the subject, it was informed:

“In respect of the employee who had been imposed the major penalty of reduction of salary by four stages in the time scale, the case pertains to the lad employee who had already put in 10 years of service in the bank and the Disciplinary Authority took a slightly lenient view in imposing this major penalty other than dismissal.”

6.3 As regards two other cases it was submitted:

“The latest position in respect of the two remaining cases is that both have been removed from bank service.”

6.4 When asked as to the steps which the Bank would like propose to be taken to combat the menace of false caste certificates, it was stated:

“It will be difficult for the bank as such to initiate any steps to combat this menace. It would be for the State Governments levels to ensure that this mal-practice is checked.

However, the policy in this regard has undergone a change in that the matriculation or school leaving certificate or birth certificate giving the caste/community of the candidate and the place of his residence should not be accepted as proof of caste at the time of initial appointments. The caste/tribe certificate issued by the competent authority in the prescribed form will only be accepted. Further, the offer of appointment to the candidates belonging to SC/ST should include a clause that the appointment is provisional and is subject to the verification of the caste certificate and if the verifica-

tion reveals that the certificate is false, the services will be terminated forthwith without assigning any further reasons.”

(b) SC/ST Employees Welfare Associations

6.5 As regards the recognition of the Association of SC/ST employees, it has been stated:

“In terms of Govt. of India, Ministry of Finance, Banking Division's guidelines vide their letter No.101/1/83-SCT (B) dt. 18.1.1983 and 102/5/9/86-SCT (B) dt. 5.10.1987, the associations of SC/ST employees are not to be recognised.”

6.6 During the evidence, when the Committee desired the Ministry to comment upon the precise reasons and rationale behind non-recognition of SC/ST Employees' Associations in view of the persistent demand in this regard by the SC/ST employees Associations, it was submitted:—

“The issue regarding recognition of the associations formed by the SC/ST employees of the Public Sector Banks has been examined in consultation with the Department of Personnel and Training. That department has advised that the organisations formed on the basis of religion or caste basis cannot be recognised. In view of the above advice of the Department of Personnel and Training, the associations formed by the SC/ST employees of the banks have not been recognised in terms of the Trade Unions Act. However, inspite of this, a working arrangement has been worked out between the public sector banks and the SC/ST employees' welfare associations operating in various banks to sort out their grievances at the bank's level as also at the Government level. This system is working adequately and presently the banks have been advised to have quarterly meetings with the representatives of the SC/ST employees/organisations at the level of their chief executives. However, certain benefits like check off facility, office accommodation/furniture, etc. cannot be given to these associations until and unless they are recognised as trade unions. In fact, facilities like office accommodation and office equipment, etc. are not available even to recognised trade unions except in some banks to the majority trade unions.”

6.7 The Committee regret to note that PNB is not taking prompt action and giving exemplary punishment to all those who secure employment in the Bank on the production of false caste certificate. They recommend the Government to ensure that its instructions are scrupulously followed by all the nationalised banks including PNB and no leniency is shown in the matter. The Committee further suggest that, in order to check the menace of persons getting employment against the reserved vacancies by submission of false certificates, the Government should bring forward suitable legislation providing for the penal action against the persons who get employment by producing false caste certificates as well as against the officials responsible for issue of such false caste certificates.

6.8 The Committee welcome the working arrangements made by the nationalised banks to have dialogue with SC/ST Welfare Association to sort out the problems of SCs/STs by holding periodical meetings, etc. They would, however, urge upon the Govt. to make it obligatory on the part of nationalised banks to consult SC/ST Welfare Associations whenever vital changes like modification in service conditions and promotion rules etc. are made in consultation with other Unions.

6.9 The Committee also note that there is persistent demand by the SCs and STs Employees' Welfare Associations throughout the country for their recognition. They desire that the issue of recognition of the Employees' Welfare Associations of SCs and STs should receive serious attention of Govt. so that the SC and ST employees can effectively participate in vital and key decisions concerning them.

CHAPTER VII

CREDIT FACILITIES

A. Credit Policy

The Government have been giving much importance to priority sector lendings particularly in view of the need for quicker upliftment of the weaker sections and down-trodden sections of the society. With a view to achieve this objective, the present credit policy aims at channelising increasing flow of credit to the priority sector and in particular, to the weaker sections of the society. Banks have been asked to raise the proportion of their credit to priority sector to 40% of their net bank credit, and the advances to weaker sections are to reach a level of 10% of total credit.

'Weaker Section' forms a part of 'Priority Sector'. Within the priority sector, the weaker section, operative at present, comprise of:

- (1) Small and marginal farmers, tenant farmers, share croppers, landless labourers;
- (2) Artisans and village and cottage industries;
- (3) IRDP beneficiaries;
- (4) Persons belonging to SC/ST communities;
- (5) DRI beneficiaries; and
- (6) SEPUP beneficiaries.

7.2 The main objective to introduce the concept of weaker sections was to promote rural employment and alleviation of the conditions of the poorest strata of the society including SC/ST.

7.3 The inclusion of Scheduled Castes and Scheduled Tribes in 'Weaker Sections' was specifically made by the Reserve Bank of India in February, 1983. Availability of concessional finance is normally on the basis of economic status of a person/group. The weaker section for which target was already fixed, comprise among others, SC/ST beneficiaries, the categories other than SCs/STs included therein are essentially based on economic criteria. The inclusion of SC/ST beneficiaries as a separate category within 'Weaker Section' is to ensure that if per chance certain SC/ST beneficiaries do not

fit into the other categories, they would still be eligible for concessional finance as a part of the 'Weaker Sections' under priority sector.

7.4 It has further been stated that the Public Sector Banks have been extending financial assistance to SC/ST since nationalisation on an ongoing basis. For the first time under DRI Scheme a specific target was fixed for SC/ST on 24.5.1977. As per target 1/3rd of total DRI credit was to be given to SC/ST. Later this target was revised on 20.11.1978 and it was laid that 40% share in DRI should be given to SC/ST. This target is still continuing.

7.5 Apart from the above at present the following special concessions to SC/ST are also being given under various schemes having component of institutional credit:

1. Under SEPUP from the year 1987-88, the share of SC/ST beneficiaries would be 30% both numberwise as well as amount-wise.
2. Under SEEUY, a target of 30% of number of application in favour of SC/ST has been included from year 1986-87.
3. Under IRDP, the number of beneficiaries as well as the quantum of credit in favour of SC/ST should be at least 50%.
4. Housing loan upto Rs. 5000/- at the rate of 4% per annum is given to SC/ST only.

7.6 The Committee have been informed that the assessment of the role of Banks/Financial Institutions in extending financial assistance under various schemes/programmes is made half yearly and the last assessment was made on the 3rd July, 1991.

(a) *Inclusion of 'Scheme for purchase of irrigated land' in Priority List:*

7.7 The nationalised banks are operating a number of schemes under priority sector lending for providing credit facilities to all borrowers including SC/ST beneficiaries as per the guidelines of Government of India/R.B.I. under different sectors viz. Agriculture and Allied Activities, SSI, Village and Cottage Industries, Transport, Professional and Self-employed, Retail Trade and small business education etc.

7.8 During the course of the evidence, the Committee mentioned about the scheme of the Andhra Pradesh Govt. to purchase the irrigated land with the help of loan raised from Commercial Banks and to distribute it to Scheduled Castes through the State Finance Corporation of Andhra Pradesh. The Committee while pointing out that some of the banks refused to sanction the loans for the purchase of the irrigated land on the plea that it was not included in the priority list, desired to know if the scheme for purchase of such land, by the State Corporations for distribution to SCs/STs could be included in the priority list.

7.9 In reply, the representative of the Ministry of Finance submitted in evidence:

“Purchase of land is not included in the priority list. At present, reclamation of land is included in the priority list.”

7.10 The Witness added:

“All the various schemes for the weaker sections of society are meant to create assets so that they can earn some income, so off-hand there should not be any objection to include this item in the list. This list needs to be revised. We can examine this and consider the inclusion of this item also. If the Committee makes recommendations in this regard, it will strengthen our hands. But as it is, I see no difficulty in including it in the list of priority sector.”

7.11 The Committee find that nationalised banks are operating a number of schemes under the priority sector lending for providing credit facilities to borrowers including SC/ST beneficiaries as per the guidelines of RBI/Govt. of India. They note that the State Government of Andhra Pradesh have taken up a scheme under which the State Finance Corporation had purchased the irrigated land by taking loan from the Commercial Banks and distributed it to the SCs/STs. However, as the scheme for the purchase of irrigated land does not fall under the priority sector at present, some of the Commercial Banks refused to give loans for it under the priority sector. During evidence before the Committee, the representative of the Ministry of Finance agreed that Government could consider inclusion of this scheme under priority sector.

The Committee desire that Government to take an early decision in this matter to help the poor SC/ST farmers to generate some income for their livelihood from irrigated agricultural land.

(b) Rationale Behind Fixation of Targets for Nationalised Banks

7.12 During evidence asked to state the rationale for fixing the target percentages under different schemes being operated through the Nationalised Banks, the witness submitted:

“We will furnish the rationale to the Committee. The problem is that different schemes are financed by different Ministries. So each Ministry has its own rationale.”

7.13 Asked to clarify if the rationale would be on the basis of populations, the witness deposed:

“I will write to different Ministries and find out the rationale for fixing up the percentage. I will also convey the views of the Members of the Committee.”

7.14 However, in the ‘Post Evidence Replies’ it has been stated that the rationale behind fixing up the targets for Scheduled Castes and Scheduled Tribes beneficiaries is basically the percentage population of these com-

munities in the total population of the country. The Scheduled Castes and Scheduled Tribes number 1/5th of the total population of the country. However, the families belonging to Scheduled Castes and Scheduled Tribes constitute the bulk of the poverty group. In order to ensure that borrowers belonging to these communities are not denied their due share, certain minimum percentages have been fixed for providing necessary bank credit under the Government sponsored programmes/schemes, which are over and above the percentage of SCs and STs in the total population of the country. From the targets it may be observed that minimum percentage of 30 has been prescribed in certain schemes, whereas in other schemes it is more than 30%. Under the schemes where the target is more than 30%, the same has been stepped up in stages from 30%. Thus population criteria has been adopted while fixing the targets for Scheduled Castes/Scheduled Tribes for extending bank credit under various programmes/schemes of the Government. The basic objective in fixing the target for Scheduled Castes/Scheduled Tribes is to ensure that the sufficient number of SC/ST persons get due coverage under various programmes of the Government.

7.15 Asked to explain the targets and criteria fixed for advancing loans under different schemes to SCs/STs which were being implemented through Banking Sector/Financial Institutions as well as through other institutions, it was submitted that no specific target had been prescribed exclusively for SCs/STs in priority sector. However, the targets for SCs/STs are fixed keeping in view the need to give appropriate share to SCs/STs in various schemes. Targets for weaker sections, in respect of DRI and SEPUP are fixed by Ministry of Finance whereas targets for IRDP and SEEUY are fixed by the Department of Rural Development and Ministry of Industry.

7.16 During the evidence when the Committee desired to know as to whether the R.B.I. has given any fresh guideline(s) for lending/credit flow in the favour of Scheduled Castes or Scheduled Tribes, the representative of the Ministry of Finance deposed:

“The comprehensive definition of Weaker Sections was given in 1983 by the Reserve Bank of India where they have mentioned as to what constitutes the weaker sections programme and that also specifically bring to focus the Scheduled Castes and Scheduled Tribes categories in the weaker sections. I can say that there are no fresh guidelines as such in terms of the definition after 1983. There has been continuous reviews made by the Reserve Bank of India, Deptt. of Banking and Banks and in the course of the reviews, if there are any short comings or targets or some more precise definition; they give us some instructions or directions. Otherwise, the basic definition of weaker sections is what they had issued in 1983.”

7.17 When the Committee desired to know the percentage-wise earmarking of amount for all the six components which constitute 'Weaker Sections', it was submitted:

"The percentage of the components of the 'Weaker Sections' is not generated by the existing system of reporting..."

7.18 On being pointed out by the Committee that the people covered under weaker sections form a formidable chunk of population which was getting only ten per cent of the total credit and it was insufficient for all those and more so far Scheduled Castes and Scheduled Tribes, the representative of the Ministry of Finance submitted:

"Sir, the policy is that out of the total advances that are given by the Banking Sector, 10 per cent should go to Weaker Sections...."

7.19 The witness further stated:

"I have no immediate figures available with me. But it must be running into Rupees five to six thousand crores as advances to the FCI for the procurement of food-grains which are mostly distributed through the public distribution system which are essentially meant for the Weaker Sections. But we are including the percentage of this benefit in it. We are excluding from it. Likewise, there are certain benefits which we are giving to them but the percentage of them is not added to it. So, it is a very difficult proposition."

7.20 The Committee, however, categorically wanted to know from the witness as to what was the difficulty in earmarking separate percentage for Scheduled Castes and Scheduled Tribes for all the heads under 'Weaker Sections' the witness responded:

"I do not see any difficulty. We are examining this. We do have a clear percentage for IRDP, SEEUY, DRI and others. A similar percentage can be allocated for items 1 and 2 also. I do not see that there will be any difficulty. We will definitely examine it, once the Committee makes a recommendation. We can allot some percentage."

7.21 The witness further clarified that percentages can be earmarked/demarkated for 1 and 2 (i.e. small and marginal farmers, tenant farmers, share croppers and landless labourers, Artisans, Village and Cottage Industry, if so desired.

7.22 As regards performance of Nationalised Banks in achieving the targets laid down under different schemes the Committee have been informed as under:—

".....Public Sector Banks have to deploy, 10% of their total advances to 'weaker sections' (which is inclusive of SC/ST categories also)."

7.23 In reply to a question as to how many Nationalised Banks had achieved the fixed percentage of advances in favour of Scheduled Castes/Scheduled Tribes during the last three years, it was submitted:

“The number of public sector banks who could not achieve the stipulated target of 10% for weaker sections during the last 3 years ending March, 1989, 1990 and 1991 was 5, 3 and 12 respectively.”

7.24 It was however, added that for the year 1991, the figure that the Nationalised Banks had been able to achieve was 9.6 per cent against cases of 10 per cent of their total advances in respect of the advances to weaker sections. It was further informed:

“In a review meeting held on the 3rd July, 1991 with bankers it was observed that sufficient number of applications of weaker sections are not sponsored by the State Governments, with the result that banks are not in a position to provide the requisite credit assistance to the beneficiaries belonging to weaker sections including SCs/STs communities. However, the banks which have shortfalls, have been advised to make up their deficiencies in achieving the prescribed targets during the meeting.”

7.25 At present the banks have been asked to earmark 40% of their credit to priority sector and the advances to weaker sections are to reach the level of 10% of the total credit. Under schemes for ‘Weaker Sections’ specific targets for advance of credit to SCs/STs have been laid down under IRDP, DRI and SEPUP, but no percentage of credit advancement to SCs/STs has been provided in respect of schemes for (i) small and marginal farmers, tenant farmers, share croppers, landless labourers (2) artisans and village and cottage industries. During evidence the Committee were informed that percentage of credit advancement to SCs/STs under different components have been fixed taking into consideration their population percentage. As regards fixing of percentage of credit for SC/ST in respect of two schemes mentioned above, the representative of the Ministry agreed that a similar percentage could be fixed.

The Committee recommend that a minimum percentage of credit to be extended to SC/ST under these schemes may also be fixed soon and steps taken to ensure that the SCs/STs get the advances under these schemes as per the targets fixed for them.

7.26 The Committee view with concern that as against the target of lending 10% of total credit to ‘weaker sections’ (including SCs/STs) by all the Nationalised Banks, the actual achievement was only 9.6% for the year 1991. This was stated to be due to sponsoring of insufficient number of applications by the State Governments. The Committee are not satisfied with the explanation furnished to them.

The Committee urge the Government to examine the matter in detail and to take remedial measure to ensure that the Nationalised Banks do not fall short of the target of 10% of total credit fixed for lending to ‘weaker sections’ either individually or collectively.

(c) Self Employment Programmes for Urban Poor

7.27 Disbursements of advances under SEPUP by PNB during 1987-88, 1988-89 and 1989-90 are as under:—

(Amount Rupees Crores)

| Particulars | Target for SCs/STs | 1987-88 | 1988-89 | 1989-90 |
|--|--------------------|---------|---------|---------|
| (i) Target (Physical) | | 30563 | 32744 | 31441 |
| (ii) No. of cases sanctioned | | 23360 | 25329 | 23072 |
| (iii) Amount Sanctioned | | 9.40 | 9.93 | 9.71 |
| (iv) Out of (ii) (No. wise) No. of SC/ST | | 5377 | 5462 | 5080 |
| (v) Out of (iii) (Amt. wise) to SC/ST | | 1.87 | 2.00 | 2.02 |
| (vi) %age of (iv) (No. wise) | 30% | 21.20 | 21.14 | 22.02 |
| (vii) %age of (v) (Amt. wise) to (iii) | 30% | 19.89 | 20.14 | 20.80 |

7.28 As regards the precise reasons for low percentage of loans under SEPUP to Scheduled Caste/Scheduled Tribe beneficiaries, following information was furnished to the Committee:

“The beneficiaries not only amongst Scheduled Castes/Scheduled Tribes but also from general category are not turning up to avail the credit facilities under this programme despite due publicity given by conveners of State-level Banker’s Committees at State level through local Newspapers as well as by Local Banker’s Committees at individual centre/towns,

The performance under this programme thus further deteriorated during the year 1990-91 with the implementation of Scheme for Urban Micro Enterprises (SUME), launched by Ministry of Urban Development as one of the components of Nehru Rojgar Yojana. SUME covers the same segment of beneficiaries in the same geographical area as that of SEPUP and is comparatively more attractive on account of higher amount of subsidy as well as loan component available to the beneficiaries.”

7.29 In reply to a query by the Committee as to the rationale behind running almost two parallel schemes, covering the same segment of beneficiaries in the same geographic area in the ‘Post Evidence Information’, the Committee have been informed further:

“The Ministry of Finance in its meeting held on 4.2.1992, while reviewing the progress under these schemes has decided to merge SEPUP with SUME. Consequently, R.B.I., Bombay.....has

advised all the banks to issue necessary instructions for merger of SEPUP with SUME from the next financial year 1992-93 effective from 1.4.1992".

7.30 The Committee note that the performance of Punjab National bank under the Self Employment Programme for Urban Poor has not been satisfactory during 1987-88, 1988-89, 1989-90 and the percentage of credit for Scheduled Castes and Scheduled Tribes was almost 20% as against the target of 30%. It is stated to have further deteriorated during 1990-91 with the implementation of scheme for Urban Micro Enterprises as one of the components of Nehru Rozgar Yojana since both the schemes cover the same segment of beneficiaries and same geographical areas.

The Committee have been informed in the post-evidence reply that while reviewing the progress under these schemes, the Ministry of Finance have decided to merge SEPUP with SUME effective from 1.4.1992.

The Committee recommend the Punjab National Bank to make concerted efforts to accomplish stipulated targets for Scheduled Castes and Scheduled Tribes under SUME.

(d) Self employment scheme for educated unemployed youths

7.31 Advances to the Scheduled Caste/Scheduled Tribe beneficiaries during 1987-88, 1988-89 and 1989-90 under SEEUY by Punjab National Bank are as under:—

| Particulars | Target SCs/STs | (Amount Rupees Crores) | | |
|--|-------------------|------------------------|---------|---------|
| | | 1987-88 | 1988-89 | 1989-90 |
| (i) Target (Physical) | | 8984 | 17480 | 8714 |
| (ii) Cases Sanctioned | | 8332 | 13928 | 7369 |
| (iii) Amount sanctioned | | 18.91 | 31.50 | 16.79 |
| (iv) Out of (ii) (No. wise) of SCs/STs | | 1113 | 1488 | 911 |
| (v) Out of (iii), to (Amount wise) Scs/Sts | | 2.27 | 3.15 | 1.64 |
| (vi) %age of (iv) to (No. wise) (ii) | 30% | 13.36 | 10.68 | 12.36 |

7.32 As regards the reasons for alarmingly low percentages of Scheduled Caste/Scheduled Tribe beneficiaries number-wise under the SEEUY during the above period it has been stated that

"The cases are sponsored to the nearest Banks by DICs duly approved by the Task Force. It has been our experience that despite publicity/advertisement in local newspapers by the DICs/Distt Administration, adequate applicants belonging to Scheduled Caste, Scheduled Tribe did not turn up due to which the stipulated targets of 30 per cent could not be achieved by the Bank."

7.33 During evidence the Committee desired to know the reasons for not achieving the physical targets; decline in the number of cases sanctioned and amount sanctioned; and the low percentage of Scheduled Castes and Scheduled Tribes benefited during all three years. The Chairman of Punjab National Bank submitted that out of the applications recommended by DTC, the applicant who got loan his name was being struck down from the live register of the Employment Exchange. He, thereby, would not get any other employment and he was made junior thereby in the live register and this was the main reasons as to why the sponsorship had been less and I would like to inform that it was not so that despite sponsorship the cases had been rejected.

7.34 The Committee were informed that Zonal Managers have already been requested to take up with the sponsoring agencies for increased inflow of the applications of Scheduled Castes and Scheduled Tribes to enable Punjab National Bank to achieve the desired percentages in respect of coverage of Scheduled Castes and Scheduled Tribes under SEEUY scheme.

7.35 The Committee find that under the Self Employment Scheme for educated unemployed youths, the percentage of Scheduled Caste/Scheduled Tribe beneficiaries (number-wise) in Punjab National Bank is very low i.e. 12.30% in 1989-90 as against the target of 30%. This has been attributed to low sponsorship of applications by DICs. This can hardly be considered as satisfactory. The Committee recommend that the Government should review the procedure for sanctioning of loans under the scheme, so that the prescribed target the SCs/STs is achieved by all the Nationalised Banks including Punjab National Bank.

B. Other Schemes

(a) Subsidy Oriented Schemes

7.36 The name of schemes under which the subsidy is provided by the Government, the percentage of subsidy and the amount spent under the schemes since their inception is given in the following table:

| Scheme | Date of introduction | % age of subsidy available at pre sent to SC/ST | Commercial Banks credit under the scheme |
|----------|----------------------|---|--|
| 1. IRDP | 2.10.80 | 50% | (in crores) 6956.88 (till Feb. 91) |
| 2. SEEUY | 1983-84 | 25% | 2776.98 |
| 3. SEPUP | 1986-87 | 25% | 557.20 |

| 1 | 2 | 3 | 4 |
|---------|---------|-----|------------------------|
| 4. SUME | 15.6.90 | 25% | 1.33 (till Dec. 90) |

7.37 During the course of evidence while discussing on subsidy oriented schemes, the Committee expressed their repeated concern over the fact that under these schemes the full benefit was not actually reaching the beneficiaries. There was substantial leakage in the amount of subsidy element involved in the loan amount and the borrower did not get the full benefit of it.

7.38 When the opinion of the Ministry of Finance was sought the witness submitted as under:

"We often discuss this matter with the Ministry of Rural Development. It has three types of models the first model is that you reduce 50% to 25% of the total cost from the capital subsidy so that the cost of the scheme becomes less. In second model keep the subsidy element aside and when the borrower repays the entire loan, deduct that amount from it. In third model we may retain the amount of loan at the same level but the expenditure on the interest may be borne by the Government. Several times we discussed this matter, but Ministry of Rural Development is making a comprehensive study of this matter from all aspects."

7.39 The Committee further asked the witness to react as to the steps proposed by them in this regard, and he responded:

"The suggestion is worth consideration, in the sense, instead of subsidy it would be better to give in the form of interest subsidy since leakage is taking place in the subsidy. We will consider this.

As I mentioned right from the beginning, all these schemes are being formulated from different Departments of the Govt. of India. We will refer this suggestion to the various Ministries for very serious consideration."

7.40 The Committee note that under various 'Subsidy Oriented Schemes', such as IRDP, SEEUY and SUME, the full benefit of subsidy is not actually reaching the beneficiaries, especially Scheduled Castes and Scheduled Tribes, as there was substantial leakage in the amount of subsidy. They, therefore, feel that the present system of disbursement of subsidy needs a review.

The representative of the Ministry of Finance agreed during the course of evidence to consider the suggestion that instead of loan subsidy it would be better to give relief to the borrowers in the form of interest subsidy. He promised to refer the matter to various Ministries for serious consideration.

The Committee would urge that the matter be expedited and the decision taken in the matter be informed to them within a period of six months.

(b) Advances to State sponsored SC/ST Associations for purchase and supply of input and/or marketing of output of the beneficiaries

7.41 The Committee desired to know from PNB about the factual position in regard to advances made to SC/ST State sponsored Associations. In reply the following position was given.

(Amount Rupees Thousands)

| Period | Scheduled Castes | | Scheduled Tribes | | Total | |
|-----------|------------------|-------------|------------------|-------------|-------------|-------------|
| | No. of A/cs | Balance O/s | No. of A/cs | Balance O/s | No. of A/cs | Balance O/s |
| March '89 | 21 | 24 | — | — | 21 | 24 |
| March '90 | 9 | 38 | — | — | 9 | 38 |
| March '91 | 3 | 3 | — | — | 3 | 3 |

7.42 When asked to explain the reasons for giving advances to the Scheduled Castes' association only and not to any Scheduled Tribes' Associations and the special efforts being made by PNB for financing the Scheduled Tribes associations as well, it was submitted that:

"For this activity it is correct that no loan for purchase and supply of inputs and/or marketing of outputs has so far been provided to the Tribal Associations. However, loans to 55335 Scheduled Tribes beneficiaries with outstanding of Rs. 20.57 crores were provided as on Sept. 1990 which has further increased to Rs. 24.06 crore to 64573 STs beneficiaries as at the end of March, 91 for various other activities e.g. Agriculture, SSI, retail trade, small business professional etc."

7.43 The Committee note that the Punjab National Bank has made advances to State sponsored Scheduled Castes' Associations for purchase and supply of input and/or for marketing of output of the beneficiaries but not a single advance has been made to any Scheduled Tribe Association for the purpose during the last three years.

The Committee recommend that PNB should make concerted efforts to give advances to eligible Scheduled Tribe Associations' also.

(c) Advances to Small Scale Industry

7.44 As regards the performance of Punjab National Bank in respect of advances to Scheduled Castes and Scheduled Tribes under schemes for small scale industries, the position was stated to be as under:—

"In lending to small scale industry the share of Scheduled Caste/Scheduled Tribe in total priority sector advances is quite low at 2.2% as on September '89. Punjab National Bank needs to put in more

efforts to enhance flow of credit to Scheduled Caste/Scheduled Tribe for setting up viable small scale industrial units."

7.45 The Committee desired to know the precise reasons for the too dismally low advances to Scheduled Castes/Scheduled Tribes and the steps Punjab National Bank proposed to take to improve its performance, it was submitted that:

"With regard to the low share of Small Scale Industry Advances, it is submitted that SC/ST beneficiaries are generally engaged in rural and cottage industries where the financial requirements are comparatively much lower as compared to the setting up of small scale industry units by other category of beneficiaries. To substantiate 32816 accounts out of the total of 48513 Small Scale Industry accounts as on March 1991 fall in the category of rural and cottage industries. However, bank considers viable proposals of Small Scale Industry units involving higher amounts from Scheduled Caste/Scheduled Tribe beneficiaries. We have contributed by way of equity participation in Technical Consultancy Organisations (Semi-Autonomous Bodies) in various States. These organisations are conducting Entrepreneurial Development Programme for all categories of beneficiaries including the SC/ST beneficiaries for taking up Industrial Activities and it will help in improving our performance."

7.46 The Committee find that in lending to Small Scale Industry, the share of Scheduled Caste/Scheduled Tribe in total priority sector advances by Punjab National Bank is quite low i.e. 2.2% as on September, 1989. It is stated that the SC/ST beneficiaries are generally engaged in rural and cottage industries where the financial requirements are comparatively much lower as compared to the setting up of Small Scale Industry by other categories of the beneficiaries. Out of 48513 Small Scale Industry accounts in March, 1991, 32816 accounts fall in the category of rural and cottage industries. The Committee have been given to understand that 'Punjab National Bank has contributed by way of equity participation in Technical Consultancy Organisations (Semi-Autonomous Bodies) in various States and these organisations are conducting entrepreneurial development programmes for all categories of beneficiaries including the SC/ST beneficiaries for taking up industrial activities and it will help in improving the Punjab National Bank's performance. The Committee desire that Punjab National Bank should persuade SC/ST beneficiaries to avail the benefit of entrepreneurial programme.

(d) *Educational Loan Scheme*

7.47 Educational Loan Scheme financed by PNB for SC/ST students was too dismally low over the last three years. Asked about the reason, it was stated that:—

"Education Loan Scheme has not become popular. PNB has financed only 736 students, amounting Rs. 116 lacs, out of which 91 students

belong to SC/ST category availing Rs. 5.33 lacs. The DRI benefits are available upto Rs. 6,500 /-."

7.48 Information in respect of educational loan out-standing in PNB during the last three years was as under:—

(Rs. in lacs)

| | December, 88 | | March, 90 | | March, 91 | |
|-------------------------|--------------|-------|-----------|--------|-----------|--------|
| | A/cs | Amt. | A/cs | Amt. | A/cs | Amt. |
| Total | 771 | 99.15 | 714 | 107.51 | 736 | 116.91 |
| Out of which to SCs/STs | 58 | 5.59 | 56 | 4.73 | 91 | 5.33 |

7.49 However, no SC/ST students were sanctioned loans for study abroad during all these years. The Committee were informed that extra efforts were needed to be made by the PNB to enhance the flow of credit to SC/ST students for Educational purposes.

7.50 When asked whether there was any proposal to revise educational loan scheme so as to make it more attractive with special concessions to SCs/STs students, it was stated that:

"While formulating the scheme, adequate care has already been taken to provide special concession for SCs/STs by relaxing the condition of minimum marks by 10% i.e. 50% from SCs/STs as compared to 60% from General category of students. The extent of loan is need based and the rates of interest are being applied as per RBI norms."

7.51 The Committee note with deep concern the poor performance of Punjab National Bank in lending under educational loan schemes to SC/ST students. The percentage of amount granted to Scheduled Castes/Scheduled Tribes was only 4.56% of the total loans in 1990-91 (upto March, 91). It calls for more concerted efforts of on the part of the Bank to increase the flow of credit to SC/ST students for educational purposes. The Committee would also like the Punjab National Bank to consider the question of giving further concessions/relaxations in favour of students belonging to Scheduled Castes and Scheduled Tribes so as to make educational loan scheme more popular to them.

(e) *Housing Loan for Scheduled Castes/Scheduled Tribes*

7.52 It has been submitted to the Committee that the guidelines of Reserve Bank of India in regard to grant of direct housing loans to Scheduled Castes and Scheduled Tribes are as under:—

Eligibility

Persons allotted site for construction of house already own/hold on lease plot of land.

Extent

Upto Rs. 5,000 /-

Margin

20% labour contributed by applicant himself may be taken as margin.

Repayment : 10 years

Rate of Interest 4% per annum.

7.53 As regards the total amount of housing loan disbursed by Punjab National Bank to Scheduled Castes & Scheduled Tribes during the years ending June, 1987 to June 1989 the position was as under:

| Year ending | Number | Amount (Rs. in lacs) |
|-------------|--------|----------------------|
| June 1987 | 946 | 25.82 |
| June 1988 | 912 | 26.71 |
| June 1989 | 263 | 8.21 |

7.54 Disbursements include Rs. 20.66 lacs and Rs. 17.71 lacs financed to the Housing Corporation in the State of Rajasthan during the year 1987 and 1988 respectively and the bank was not approached for further finance during the year 1989. As regards the performance of Punjab National Bank in lending the Housing Sector, it had been endorsed by the Ministry that Housing Sector needs careful nursing so that both number-wise and amount-wise, the benefit of housing loan can reach the masses. It is hoped that with the launching of National Housing Bank and participation of Punjab National Bank in Housing activity, it would increasingly benefit the weaker sections in general and SC/ST in particular.

7.55 The Committee regret to note that the earlier limit of Rs. 5000/- for housing loan which was fixed in 1979 has not been increased so far inspite of substantial increase in prices over the years. They recommend its upward revision at the earliest.

7.56 The Committee would also like the Punjab National Bank to improve its performance in lending under the Housing Sector to Scheduled Castes and Scheduled Tribes both numberwise and amountwise, and apprise the Committee of the steps taken in this regard within six months.

(f) Consumption Loans

7.57 The amount of consumption loan is need-based and purpose-wise. The present ceiling prescribed by RBI for different purposes is as under:

| | |
|----------------------------|------------|
| General Consumption | Rs. 75.00 |
| Medical Expenses | Rs. 250.00 |
| Education Loan | Rs.100.00 |
| Marriage Ceremony | Rs. 250.00 |
| Birth, Funeral etc. | Rs. 75.00 |
| Other religious ceremonies | Rs. 75.00 |

7.58 The aggregate finance for 2 or more purposes should not exceed Rs. 500.00 per family. Such requirements are met locally by the Base Level Societies.

7.59 The limit of Rs. 500.00 has been enhanced to Rs. 1000.00 in the State where Risk Funds have been created. The performance of banks has not improved on account of non-creation of risk funds by most of the State Governments.

7.60 Advances granted to SCs/STs as on the last Fridays of December, 1988 and 1989 by PNB are as under:—

(Amount in Rs.'000)

| | Scheduled Castes | | Scheduled Tribes | | Total | |
|-------------|------------------|-------------|------------------|-------------|-------------|-------------|
| | No. of A/cs | Balance O/S | No. of A/cs | Balance O/s | No. of A/cs | Balance O/s |
| Dec; 1988 | 1145 | 1047 | 23 | 18 | 1168 | 1065 |
| Sept.; 1989 | 1015 | 834 | 22 | 19 | 1037 | 853 |

7.61 When asked to explain the unsatisfactory consumption loan position in respect of SCs/STs and more so in the case of Scheduled Tribes in Punjab National Bank, it was submitted:—

“There has been a general declining trend in the Consumption Loans provided to general as well as SC/ST categories. As per RBI guide-lines, the persons who are members of any Base Level Cooperative Societies are not eligible for raising Consumption Loans from Commercial Banks. Most of the SCs/STs are members of such societies to meet their other financial requirements and they raise consumption loans through these societies only.”

7.62 Further asked to explain the reasons for declining trend both amountwise and accountwise, it was explained:

“We have already requested our Zonal Managers to take up with the respective States for an early creation of Risk Funds so that our performance under the scheme shows improvement in future.”

7.63 The Committee find that there is a declining trend in the consumption loans provided to SC/ST categories as most of the SCs/STs are members of base level cooperative societies and they are not eligible for getting consumption loans from the commercial banks. At present aggregate finance for two or more purposes is not to exceed Rs. 500/- per family. The Committee have, however, been informed that this limit has been enhanced to Rs.1000/- in some of the States where ‘risks funds’ have been created. They recommend that as proposed by PNB, efforts should be made by its Zonal Managers to take up the matter with the remaining States for an early creation of ‘risks funds’ so that there is improvement in performance of Punjab National Bank under the consumption loan scheme.

C. Organisational set up to monitor the flow of credit to the Scheduled Castes and Scheduled Tribes.

(a) Ministry of Finance

7.64 A separate Credit Cell for monitoring the flow of credit to persons belonging to SC/ST categories was set up in the Banking Division of Department of Economic Affairs, Ministry of Finance. At present, it comprises one Assistant and two LDCs. This Cell functions under a Section Officer and an Under Secretary who are in-charge of Economic and Statistical Analysis Section (ESA) and a Deputy Secretary is specially assigned to supervise the work of this Cell continuously. Apart from this, Joint Secretary (Priority Sector) in the Banking Division continuously reviews this Cell’s work.

7.65 Credit Cell for SCs/STs set up in the Banking Division conducts review both quarterly and half yearly with a view to monitor the flow of credit to the beneficiaries belonging to these communities.

7.66 The Cell handles all matters relating to financial assistance provided by banks to SCs/STs which *inter alia* includes examination by the Parliamentary Committee for the Welfare of Scheduled Castes and Scheduled Tribes, reports of the Commissioner for Scheduled Castes/Scheduled Tribes, complaints received from various corners regarding assistance to Scheduled Castes/Scheduled Tribes by banks etc.

(b) Reserve Bank of India

7.67 One of the methods to monitor the progress in the expansion of credit to Scheduled Castes/Scheduled Tribes is that the lead district officers attached to Regional offices of RBI pay visit to branches of the banks to ensure that instructions issued to them are complied with. They

also furnish clarification to the Bank officials on various matters and pursue issues with branches/controlling officers, if any of the instructions which are not complied with.

7.68 When asked as to how many branches of the Punjab National Bank has been inspected by the Lead District officers attached to Regional offices of the RBI during the last three year and what was the nature of lacunae detected by Lead District Officers in implementing the guidelines of RBI in Punjab National Bank's branches, it was submitted as under:—

“Reserve Bank of India has reported that their lead district officers visited 89, 90 and 55 branches of Punjab National Bank during the years 1988-89, 1989-90 and 1990-91 respectively. Inspection of rural branches was also taken up by lead district officer with effect from 1.10.1990 and six branches were inspected during the year 1990-91. The lacunae observed by lead district officers in implementing the guidelines of RBI were of procedural nature, such as maintenance of certain information to bring the same into the notice of customers, delay in disbursement of loans, etc. In this connection, RBI has further reported that the deficiencies observed during the visits/inspections by lead district officers have been taken up by their regional offices with the concerned controlling offices of the branches of Punjab National Bank. The matter is followed up by regional offices of RBI with the banks.”

(c) Punjab National Bank

7.69 As regards the arrangements in the Punjab National Bank to monitor the flow of credit to SCs/STs under various schemes for their socio-economic upliftment, it has been stated that a Cell at Head Office with adequate supporting staff under overall supervision of a Dy. General Manager is looking after the job of providing credit facilities to Scheduled Castes and Scheduled Tribes for their socio-economic development. This Cell handles the policy matter, monitors smooth flow of credit to Scheduled Castes and Scheduled Tribes and ensures implementation of various instructions of Government of India/Reserve Bank of India.

(d) Lead Bank Scheme

7.70 It has been stated that Punjab National Bank has lead responsibility in 44 districts spread over 7 States and the Union Territories including Chandigarh (Rural) in addition to convenorship of State Level Bankers Committee (SLBCs) in the State of Haryana and Punjab. To discharge the lead responsibility effectively, the bank has posted the Lead Banks Officers in Middle Management Grade, Scale-III, with requisite infrastructure facilities for each of the Lead District and the Zonal Managers have been designated a Convener of SLBCs.

7.71 With the implementation of Service Area Approach under the Scheme, the bank has been allotted 28808 villages to be covered by 1817 branches (out of which 1347 are in rural area and 448 in semi-urban areas).

Credit plans are being formulated as per the guidelines issued by RBI and the Government from time to time with particular emphasis on the utilisation of local resources and skills and the credit requirements assessed through the village level surveys. While formulating the credit norms care is taken that adequate share is given to SC/ST beneficiaries. The progress is being periodically monitored at various forums at the block, district and State level as also by the bank at Regional/Zonal/Head Office level. Corrective steps wherever necessary are ensured to achieve the overall as well as sectoral targets.

7.72. When asked whether at the time of assessing the credit requirements through the village level surveys under the 'Service Area Approach' any preference was being given to the village predominantly inhabited by SC/ST people, it was submitted:—

“Under Service Area Approach, Specific villages have been allotted to banks branches and it is our endeavour to develop these villages and special attention is given to the villages which are predominantly inhabited by weaker sections of the society including SCs/STs. Banks have been advised by the Reserve Bank of India that special efforts should be made to evolve suitable schemes for SC/ST beneficiaries.”

7.73 The Committee find that the Lead District Officers of Reserve Bank of India visited 89, 90 and 55 branches of Punjab National Bank during 1988-89, 1989-90 and 1990-91, respectively. Inspection of rural branches was also taken up by the Lead district Officers with effect from 1.10.1990 and six branches were inspected during 1990-91. After inspection of the Branches, the Lead District Officers had pointed out certain lacunae of procedural nature in the implementation of guidelines of RBI, such as, maintenance of certain registers, timely non-submission of reports, non-display of certain information, delay in disbursement of loan. etc. The Committee are deeply concerned to note that in spite of the Cell functioning under the overall supervision of DGM, the Management had failed to ensure that the Branches of the Bank faithfully implement the R.B.I. guidelines in regard to the smooth flow of credit to Scheduled Castes/ Scheduled Tribes.

They desired the Punjab National Bank to remove the lacunae pointed out by RBI officers expeditiously and to ensure that the shortcomings pointed out by the Lead District Officers of R.B.I. do not recur in any of its other Branches in future.

7.74 The Committee are also concerned to find that the Lead District Officers of the R.B.I. had been able to visit only a few of the PNB Branches during the last three years and have thus failed to monitor properly the progress of the expansion of credit facilities to SCs/STs, as envisaged.

The Committee would recommend R.B.I. to issue suitable instructions to its Lead District Officers to inspect maximum number of Branches of all the Banks including PNB to ensure compliance of RBI Guidelines on flow of credit to SCs/STs.

(e) New Rural Branches of P.N.B.

7.75 The Committee have been informed that the branches in the rural area are opened to cover villages population as per norms specified by R.B.I. Under Service Area Approach, village are allocated to each bank in such a way that banking/credit facilities are available to members of SC/STs as well as to other people of the weaker section. Punjab National bank has opened 442 branches during the last three years in various parts of the country, out of which 387 branches have been opened in rural areas.

7.76 The Committee desired to know the number of branches opened by Punjab National Bank in areas predominantly inhabited by SCs/STs during the last three years. In a post evidence reply, they were informed that here-to-fore PNB were not required to keep record in respect of branches opened in specific areas like tribal areas, predominantly Scheduled Castes population or backward areas etc. As such, the bank has not been collecting and maintaining such information. Hence, the requisite information was not available with the bank.

7.77 The Committee note that there is no system of maintaining information regarding the number of branches opened by Nationalised Bank including PNB in areas predominantly inhabited by SCs/STs. They feel that the collection of such a information will definitely help Nationalised Bank in implementing the various schemes available for the upliftment and welfare of SCs/STs. Besides this will serve as yardstick to indicate the development of those areas. The Committee recommend the Government to issue suitable guidelines to all nationalised banks including PNB for maintaining detailed record and new branches of banks opened in rural areas and in areas pre-dominantly inhabited by SCs/STs.

NEW DELHI;

10 April, 1992

21 Chaitra, 1914(S)

K.PRADHANI

Chairman,

Committee on the Welfare of
Scheduled Castes and
Scheduled Tribes.

APPENDIX

(Vide Para of Introduction)

Summary of Conclusions/Recommendations Contained in the Report

| Sl. No. | Refer- ence to Para No. in the Re- port | Summary of Conclusions/Recommendations |
|---------|--|---|
| 1 | 2 | 3 |
| 1 | 1.13 | <p>The Committee note that in pursuance of their recommendation in their earlier reports, Government had appointed in September-October 1989, one non-official Director belonging to SC/ST in each of twelve nationalised banks. They, however, view with concern that the Board of Directors of PNB and eight other nationalised banks still do not have any Member of SC and ST.</p> |
| 2 | 1.14 | <p>As regards PNB, the Committee were informed that there were vacancies of 4 non-official Directors and it would be the endeavour of the Govt. to appoint one non-official Director belonging to SC/ST and when the remaining vacancies are filled up. They were also assured that it would be endeavour of the Govt. to appoint at least one Director belonging to SC/ST on the remaining banks also as and when the remaining vacancies on their Boards are filled up. The Committee regret to note the delay in filling up the vacancies and appointment of SC/ST Directors on the Boards of these nine Banks. They desire that the action in this regard should be expedited.</p> <p>The Committee find that the Nationalised Banks (Management & Miscellaneous Provisions) Scheme, 1980 (as amended in 1988) has no provision for appointment of Director representing the interests of SC/ST although it provides for non-official Directors representing the interest of various economic groups. The Committee, recommend that immediate steps should be taken to amend the scheme to provide for inclusion of a SC/ST person as one of the Directors on the Boards of all nationalised banks. Meanwhile suitable guidelines in writing may be issued for ensuring the representation of SC/ST on the Board of Directors in these banks.</p> |
| 3 | 2.13 | <p>The Committee note that as on 31 December, 1990, out of 14223 officers in PNB, the number of Scheduled Castes was only 1519 i.e. 10.68% and the number of Scheduled Tribes was 272, i.e. 1.9% only. Even this position could be attained only after undertaking a special recruitment drive in 1989. In the case of clerical cadre, the percentage of</p> |

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| | | <p>Scheduled Castes and Scheduled Tribes as on 31.12.90 was 17.08% and 4.11% respectively. The Committee view with concern the shortfall in recruitment of Scheduled Castes and Scheduled Tribes. In the opinion of the Committee concerted efforts are required to be made by the Bank to recruit adequate number of Scheduled Castes and Scheduled Tribes, especially Scheduled Tribes in the cadres of officers as well as clerks. They recommend that the Government should direct the Bank to undertake urgently the special recruitment to fill up the backlog of Scheduled Castes and Scheduled Tribes in the cadres of officers and clerks.</p> |
| 4 | 2.14 | <p>The Committee note that there is a backlog of 21 Scheduled Tribes in sub-staff cadre and these vacancies are mostly in Rajasthan, M.P. and Delhi. They recommend that special recruitment teams be sent to areas predominantly inhabited by Scheduled Tribes for recruitment to subordinate cadre to wipe out the backlog.</p> |
| 5 | 2.34 | <p>The Committee note that there is reservation of 15% and 7½% for Scheduled Castes and Scheduled Tribes in promotion from clerk to officer. No percentage of reservation has however been provided for promotion from sub-staff to clerk as the element of direct recruitment in clerk exceeds 75%. Further for promotion within the officers cadre also no reservation has been provided on the ground that these promotions are selection based.</p> |
| 6 | 2.35 | <p>In the promotion from clerks to officers there is a shortfall of 82 Scheduled Castes and 93 Scheduled Tribes as on 31.12.89. The Committee were assured during the course of evidence by the representative of the Ministry of Finance that the entire shortfall will be cleared in the next 3-4 years by promoting Scheduled Castes and Scheduled Tribes upto 50% of the vacancies in a year. They would like Govt. to ensure that these backlog vacancies are filled up as early as possible.</p> |
| 7 | 2.36 | <p>The Committee find from the note furnished by the Office of the Commissioner for SCs/STs that in PNB earlier promotions from Scale I to Scale II were made partly through seniority channel and partly through merit and in both the channels the promotion policy of 1981 provided for reservation for SCs/STs. However, the management</p> |

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modified their promotion policy in July, 1987 to do away with the reservations, as in the bipartite settlement entered into between the management and the officers' Association, PNB had reached an agreement that all promotions within the officer cadre should be merit based and seniority should not carry any weightage. When pointed out that the Bank could not change their policy which was against the interest of SCs/STs, the Committee were informed that the promotion policy was changed by the PNB management in July, 1987, while the instructions stating that anything which adversely affects the interests of SCs/STs could be done only with the approval of the Minister, were issued by the Department of Personnel in May, 1989. They were also informed that the matter is presently sub-judice before Delhi High Court.

The Committee are unable to agree with the plea advanced by the PNB Management, and expect the Ministry of Finance to be more vigilant in future and ensure that policy guidelines issued by the Govt. are strictly observed and no aberrations are allowed to creep in. They see no reason as to why the policy being followed by the PNB should not be changed in accordance with the instructions issued by the Deptt. of Personnel. However as the matter is sub-judice, the Committee would like to be informed of the outcome of the Court case.

- 8 2.37 Keeping in view the multiplicity of litigations on the issue of reservations in promotions within the officer cadres in almost all the nationalised banks on account of the verdict given by the Supreme Court in the Syndicate Bank case, the Committee recommend that Government should come forward soon with a uniform and well defined policy for reservation in promotions within the officer cadres to be followed by all the nationalised banks including Punjab National Bank.
- 9 2.38 The Committee note that the posting of clerks as Special Assistants is not considered as promotion and as such the benefit of reservation is not being extended to SC and ST employees by PNB and other nationalised banks. The Committee, however, understand that a sum of Rs. 400/- to Rs. 500/- per month is being paid as special allowance to those clerks who are working as Special Assistants. The Committee further observe that during the last three years, PNB appointed as many as 975 Special Assistants out of
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| | | <p>which 91 (9.33%) were SCs and 14(1.43%) were STs and thus the appointment of SCs and STs falls short of the prescribed percentage of reservations. Taking into consideration the fact that the posts of Special Assistants carry substantial amount as special allowance, the Committee strongly recommend that the Govt. should ensure that a fair proportion of clerks belonging to SCs and STs are appointed as Special Assistants in all the nationalised banks including PNB.</p> |
| 10 | 3.11 | <p>The Committee take serious note of the failure on the part of Punjab National Bank to scrupulously follow the instructions regarding intimating the reserved vacancies for Scheduled Castes and Scheduled Tribes to the Director of Scheduled Caste/Scheduled Tribe Welfare or Director of Social Welfare in State/Union Territory concerned and simultaneously notifying such vacancies to local Employment Exchanges and also to one or more stations of the All India Radio. They hope that in future, as assured by the Punjab National Bank, steps would be taken to ensure strict compliance with the instructions on the subject.</p> |
| 11 | 3.12 | <p>The Committee are not in favour of present procedure of fixing of seniority from the date of joining of the candidates by PNB as it effects the future prospects of SC/ST candidates who generally happen to live in remote areas with poor communication system as compared to the rest of the country.</p> <p>They fail to understand as to why the instructions regarding fixation of inter-se seniority of the candidates in order of merit in which they are selected on the recommendations of the selecting authority as applicable in the case of Central Govt. Services, are not being followed in the PNB.</p> <p>They recommend that the Govt. should review the present procedure of fixing of seniority from the 'date of joining' and suggest that fixation of inter-se seniority on the basis of 'order of merit in selection of the candidates' be made applicable in PNB as well as other nationalised banks where the present procedure is being followed.</p> |

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| 12 | 3.13 | <p>The Committee find that no concessions/relaxations are being given to SC/ST employees for promotion from subordinate cadre to clerical cadre in PNB. They take a serious view of the fact that inspite of clear directions from the Ministry of Finance in May'86 that in cases where merit/fitness is adjudged by the qualifying examination/interview in respect of SC/ST candidates, relaxation of standards should be made in favour of SC/ST in such examinations/interviews subject to a minimum relaxation of 5% marks in both examinations as well as interviews, these are not being followed by the Bank. The Committee desire that these instructions should be scrupulously followed by the Bank in future.</p> |
| 13 | 3.14 | <p>The Committee find that during 1982 to 1986, 5266 vacancies of peons and guards were filled up in seven zones of PNB and only 17 were filled up by conversion from amongst the persons holding the post of sweepers, farashes etc. The information in respect of the remaining 5 zones was not readily available with the Bank. The Committee are constrained to observe that the requirement of filling-up of 25% of the vacancies in the peon cadre by transfer from sweepers, farashes etc. is not being followed by PNB. They stress that the Bank should implement in letter and spirit the instructions for filling-up of 25% vacancies in the peon cadre by conversion from sweepers, farashes etc.</p> |
| 14 | 3.17 | <p>Keeping in view the general bias against the Scheduled Castes and Scheduled Tribes, especially in the rural/semi-urban areas, the Committee request that the Punjab National Bank should avoid posting Scheduled Castes and Scheduled Tribes officers to areas where untouchability is still prevalent. Further, for the Scheduled Caste and Scheduled Tribes Officers who are posted outside their Zone after promotion or otherwise the Bank should ensure that such Officers get the proper residential accommodation and are not made to suffer mental agony on this account.</p> |
| 15 | 4.14 | <p>The Committee regret to note that despite instructions for appointment of Liaison Officers at the Regional Level in all the nationalised banks, the PNB had not complied with the instructions. It was only recently, after the Committee took up the matter, that instructions had been issued by the Bank to designate the Regional Managers as</p> |

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| | | <p>Liaison Officer for their respective regions. The Committee stress that the Govt. should ensure that the instructions for appointment of Liaison Officers at Regional Offices are implemented by all the nationalised banks expeditiously.</p> |
| 16 | 4.15 | <p>The Committee also desire the Govt. to ensure that SC/ST Cells function at the Regional Offices of all the nationalised banks including PNB to assist the Liaison Officers. Adequate publicity should also be given among SC/ST employees through their Associations about the arrangements which exist in the bank for redressal of the grievances of SC/ST employees so that they have no difficulty in approaching the right person for redressal of their grievances, if any.</p> |
| 17 | 4.16 | <p>The Committee observe that the Liaison Officer at the Head Office of the PNB has not been visiting the Zonal/Regional Offices of the Bank to check the rosters and to ensure the proper implementation of Reservation orders as per the Directives of the Department of Personnel and Training in this regard. They would like the Government to ensure that the Liaison Officer at the Head Offices of all the nationalised banks visit the zonal/regional offices of their banks regularly to check the maintenance of rosters and to effectively monitor the due compliance of the Reservation orders.</p> |
| 18 | 5.9 | <p>The Committee note that no separate figures in respect of SCs and STs are available in the data furnished to the Committee in regard to SC/ST persons imparted pre-recruitment training. In the opinion of the Committee, it would be beneficial if separate information in respect of SCs and STs is maintained by all the nationalised banks including PNB.</p> |
| 19 | 5.10 | <p>The Committee also consider the present duration of the training period ranging from three days to one week for pre-recruitment training and pre-promotion training as quite insufficient and recommend that the duration of these trainings should be suitably increased.</p> |
| 20 | 5.11 | <p>The Committee would also like the Govt. to consider the feasibility of setting up of coaching cum-training centres in the areas where there is concentration of SC and ST population.</p> |

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| 21 | 5.14 | <p>At present the Government guidelines permit manpower expansion to the extent of one percent of the staff strength in the nationalised banks and accordingly PNB is stated to have conducted manpower exercise for the year 1991-92 and has worked out the requirement of SCs and STs in different cadres. The Committee feel that there should be manpower planning for a minimum period of 5 years to enable the PNB and the other nationalised banks to properly assess their requirement of SCs and STs in each cadre and to take timely necessary measures for the selection and training of SC and ST candidates so that suitable persons are available for appointment against the reserved vacancies as and when required. The Committee recommend that the Government should issue suitable guidelines to all the nationalised banks including PNB in this regard.</p> |
| 22 | 6.7 | <p>The Committee regret to note that PNB is not taking prompt action and giving exemplary punishment to all those who secure employment in the Bank on the production of false caste certificate. They recommend the Government to ensure that its instructions are scrupulously followed by all the nationalised banks including PNB and no leniency is shown in the matter. The Committee further suggest that, in order to check the menace of persons getting employment against the reserved vacancies by submission of false certificates, the Government should bring forward suitable legislation providing for the penal action against the persons who get employment by producing false caste certificates as well as against the officials responsible for issue of such false caste certificates.</p> |
| 23 | 6.8 | <p>The Committee welcome the working arrangements made by the nationalised banks to have dialogue with SC/ST Welfare Association to sort out the problems of SCs/STs by holding periodical meetings, etc. They would, however, urge upon the Govt. to make it obligatory on the part of nationalised banks to consult SC/ST Welfare Associations whenever vital changes like modification in service conditions and promotion rules etc. are made in consultation with other Unions.</p> |

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| 24 | 6.9 | <p>The Committee also note that there is persistent demand by the SCs and STs Employees' Welfare Associations throughout the country for their recognition. They desire that the issue of recognition of the Employees' Welfare Associations of SCs and STs should receive serious attention of Government so that the SC and ST employees can effectively participate in vital and key decisions concerning them.</p> |
| 25 | 7.11 | <p>The Committee find that nationalised banks are operating a number of schemes under the priority sector lending for providing credit facilities to borrowers including SC/ST beneficiaries as per the guidelines of RBI/Govt. of India. They note that the State Government of Andhra Pradesh have taken up a scheme under which the State Finance Corporation had purchased the irrigated land by taking loan from the Commercial Banks and distributed it to the SCs/STs. However, as the scheme for the purchase of irrigated land does not fall under the priority sector at present, some of the Commercial Banks refused to give loans for it under the priority sector. During evidence before the Committee, the representative of the Ministry of Finance agreed that Government could consider inclusion of this scheme under priority sector.</p> <p>The Committee desire that Government to take an early decision in this matter to help the poor SC/ST farmers to generate some income for their livelihood from irrigated agricultural land.</p> |
| 26 | 7.25 | <p>At present the banks have been asked to earmark 40% of their credit to priority sector and the advances to weaker sections are to reach the level of 10% of the total credit. Under schemes for 'Weaker Sections' specific targets for advance of credit to SCs/STs have been laid down under IRDP, DRI and SEPUP, but no percentage of credit advancement to SCs/STs has been provided in respect of schemes for (i) small and marginal farmers, tenant farmers, share croppers, landless labourers; (ii) artisans and village and cottage industries. During evidence the Committee were informed that percentage of credit</p> |

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advancement to SCs/STs under different components have been fixed taking into consideration their population percentage. As regards fixing of percentage of credit for SC/ST in respect of two schemes mentioned above, the representative of the Ministry agreed that a similar percentage could be fixed.

The Committee recommend that a minimum percentage of credit to be extended to SC/ST under these schemes may also be fixed soon and steps taken to ensure that the SCs/STs get the advances under these schemes as per the targets fixed for them.

- 27 7.26 The Committee view with concern that as against the target of lending 10% of total credit to 'weaker sections' (including SCs/STs) by all the Nationalised Banks, the actual achievement was only 9.6% for the year 1991. This was stated to be due to sponsoring of insufficient number of applications by the State Governments. The Committee are not satisfied with the explanation furnished to them. The Committee urge the Government to examine the matter in detail and to take remedial measure to ensure that the Nationalised Banks do not fall short of the target of 10% of total credit fixed for lending to 'weaker sections' either individually or collectively.

- 28 7.30 The Committee note that the performance of Punjab National Bank under the Self Employment Programme for Urban Poor has not been satisfactory during 1987-88, 1988-89, 1989-90 and the percentage of credit for Scheduled Caste and Scheduled Tribes was almost 20% as against the target of 30%. It is stated to have further deteriorated during 1990-91 with the implementation of scheme for Urban Micro Enterprises as one of the components of Nehru Rozgar Yojana since both the schemes cover the same segment of beneficiaries and same geographical areas.

The Committee have been informed in the post-evidence reply that while reviewing the progress under these schemes, the Ministry of Finance have decided to merge SEPUP with SUME effective from 1.4.1992.

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| 29 | 7.35 | <p>The Committee recommend the Punjab National Bank to make concerted efforts to accomplish stipulated targets for Scheduled Castes and Scheduled Tribes under SUME.</p> |
| 29 | 7.35 | <p>The Committee find that under the Self Employment Scheme for educated unemployed youths, the percentage of Scheduled Caste/Scheduled Tribe beneficiaries (number-wise) in Punjab National Bank is very low i.e. 12.30% in 1989-90 as against the target of 30%. This has been attributed to low sponsorship of applications by DICs. This can hardly be considered as satisfactory. The Committee recommend that the Government should review the procedure for sanctioning of loans under the scheme, so that the prescribed target for SCs/STs is achieved by all the Nationalised Banks including Punjab National Bank.</p> |
| 30 | 7.40 | <p>The Committee note that under various 'Subsidy Oriented Schemes', such as IRDP, SEEUY and SUME, the full benefit of subsidy is not actually reaching the beneficiaries, especially Scheduled Caste and Scheduled Tribes, as there was substantial leakage in the amount of subsidy. They, therefore, feel that the present system of disbursement of subsidy needs a review.</p> <p>The representative of the Ministry of Finance agreed during the course of evidence to consider the suggestion that instead of loan subsidy it would be better to give relief to the borrowers in the form of interest subsidy. He promised to refer the matter to various Ministries for serious consideration.</p> <p>The Committee would urge that the matter be expedited and the decision taken in the matter be informed to them within a period of six months.</p> |
| 31 | 7.43 | <p>The Committee note that the Punjab National Bank has made advances to State sponsored Scheduled Castes' Associations for purchase and supply of input and/or for marketing of output of the beneficiaries but not a single advance has been made to any Scheduled Tribe Association for the purpose during the last three years.</p> |

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| 32 | 7.46 | <p>The Committee recommend that PNB should make concerted efforts to give advances to eligible Scheduled Tribe Associations also.</p> |
| 33 | 7.51 | <p>The Committee find that in lending to Small Scale Industry, the share of Scheduled Caste/Scheduled Tribe in total priority sector advances by Punjab National Bank is quite low i.e. 2.2% as on September, 1989. It is stated that the SC/ST beneficiaries are generally engaged in rural and cottage industries where the financial requirements are comparatively much lower as compared to the setting up of Small Scale Industry by other categories of the beneficiaries. Out of 48513 Small Scale Industry accounts in March, 1991, 32816 accounts fall in the category of rural and cottage industries. The Committee have been given to understand that Punjab National Bank has contributed by way of equity participation in Technical Consultancy Organisations (Semi-Antonomous Bodies) in various States and these organisations are conducting entrepreneurial development programmes for all categories of beneficiaries including the SC/ST beneficiaries for taking up industrial activities and it will help in improving the Punjab National Bank's performance. The Committee desire that Punjab National Bank should persuade SC/ST beneficiaries to avail the benefit of entrepreneurial programme.</p> |
| 34 | 7.55 | <p>The Committee note with deep concern the poor performance of Punjab National Bank in lending under educational loan schemes to SC/ST students. The percentage of amount granted to Scheduled Castes/Scheduled Tribes was only 4.56% of the total loans in 1990-91 (upto March, 91). It calls for more concerted efforts of on the part of the Bank to increase the flow of credit to SC/ST students for educational purposes. The Committee would also like the Punjab National Bank to consider the question of giving further concessions/relaxations in favour of students belonging to Scheduled Castes and Scheduled Tribes so as to make educational loan scheme more popular to them.</p> |
| | 7.55 | <p>The Committee regret to note that the earlier limit of Rs. 5000/- for housing loan which was fixed in 1979 has not been increased so far inspite of substantial increase in</p> |

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| | | prices over the years. They recommend its upwards revision at the earliest. |
| 35 | 7.56 | The Committee would also like the Punjab National Bank to improve its performance in lending under the Housing Sector to Scheduled Castes and Scheduled Tribes both numberwise and amountwise, and apprise the Committee of the steps taken in this regard within six months. |
| 36 | 7.63 | The Committee find that there is a declining trend in the consumption loans provided to SC/ST categories as most of the SCs/STs are members of base level cooperative societies and they are not eligible for getting consumption loans from the commercial banks. At present aggregate finance for two or more purposes is not to exceed Rs. 500/- per family. The Committee have, however, been informed that this limit has been enhanced to Rs. 1000/- in some of the States where 'risks funds' have been created. They recommend that as proposed by PNB, efforts should be made by its Zonal Managers to take up the matter with the remaining States for an early creation of 'risks funds' so that there is improvement in performance of Punjab National Bank under the consumption loan scheme. |
| 37 | 7.73 | The Committee find that the Lead District Officers of Reserve Bank of India visited 89, 90 and 55 branches of Punjab National Bank during 1988-89, 1989-90 and 1990-91, respectively. Inspection of rural branches was also taken up by the Lead District Officers with effect from 1.10.1990 and six branches were inspected during 1990-91. After inspection of the Branches, the Lead District Officers had pointed out certain lacunae of procedural nature in the implementation of guidelines of RBI, such as, maintenance of certain registers, timely non-submission of reports, non-display of certain information, delay in disbursement of loan, etc. The Committee are deeply concerned to note that inspite of the Cell functioning under the overall supervision of DGM, the Management had failed to ensure that the Branches of the Bank faithfully implement the R.B.I. guidelines in regard to the smooth flow of credit to Scheduled Castes/Scheduled Tribes. |

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They desired the Punjab National Bank to remove the lacunae pointed out by RBI officers expeditiously and to ensure that the shortcomings pointed out by the Lead district Officers of R.B.I. do not recur in any of its other Branches in future.

38 7.74

The Committee are also concerned to find that the Lead District Officers of the R.B.I. had been able to visit only a few of the PNB Branches during the last three years and have thus failed to monitor properly the progress of the expansion of credit facilities to SCs/STs, as envisaged.

The Committee would recommend R.B.I. to issue suitable instructions to its Lead District Officers to inspect maximum number of Branches of all the Banks including PNB to ensure compliance of R.B.I. Guidelines on flow of credit to SCs/STs.

39 7.77

The Committee note that there is no system of maintaining information regarding the number of branches opened by Nationalised Bank including PNB in areas predominantly inhabited by SCs/STs. They feel that the collection of such a information will definitely help Nationalised Banks in implementing the various schemes available for the upliftment and welfare of SCs/STs. Besides this will serve as yardstick to indicate the development of those areas. The Committee recommend the Government to issue suitable guidelines to all nationalised banks including PNB for maintaining detailed record of new branches of banks opened in rural areas and in areas pre-dominantly inhabited by SCs/STs.
