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SCTC NO.416

COMMITTEE ON THE WELFARE OF  
SCHEDULED CASTES AND  
SCHEDULED TRIBES  
(1987-88)

(EIGHTH LOK SABHA)

THIRTY-SIXTH REPORT

MINISTRY OF FINANCE  
(DEPARTMENT OF ECONOMIC AFFAIRS - BANKING DIVISION)

RESERVATIONS FOR, AND EMPLOYMENT OF, SCHEDULED CASTES  
AND SCHEDULED TRIBES IN BANK OF BARODA AND CREDIT  
FACILITIES PROVIDED BY THE BANK TO SCHEDULED CASTES  
AND SCHEDULED TRIBES.

Presented to Lok Sabha on 26. 4. 1988

Laid in Rajya Sabha on 26. 4. 1988

[~~SECRET~~]

LOK SABHA SECRETARIAT  
NEW DELHI

April, 1988/Chaitra, 1910 (Saka)

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Summary of Conclusions/Recommendations  
contained in the Report.

COMMITTEE ON THE WELFARE OF SCHEDULED  
CASTES AND SCHEDULED TRIBES  
(1987-88)

Shri Ram Ratan Ram - Chairman

MEMBERS  
LOK SABHA

2. Shri Manoranjan Bhakta
3. Shri Bir Bal
4. Shri Somjibhai Damor
5. Shri Ganga Ram
6. Shri Manikrao Hodlya Gavit
7. Shri Maurice Kujur
8. Shri Kunwar Ram
9. Shri Lakshman Mallick
10. Shri Satyagopal Misra
11. Shri Arvind Netam
12. Shri Ram Pyare Panika
13. Dr. P. Vallal Peruman
14. Shri K.N. Pradhan
15. Dr.G. Vijaya Rama Rao
16. Shri Ajit Kumar Saha
17. Shri D.B. Shingda
18. Shri Ram Singh
19. Shri Ram Bahadur Singh
20. Shri R.P. Sunan

RAJYA SABHA

21. Shrimati Omem Moyong Deori
- \*22. Dr. Faguni Ram
23. Shri Ramnarayan Goswami
- \*24. Shri H. Hanumanthappa
- @25. Shri Radhakishan Malaviya
26. Shri Murasoli Maran
- \*27. Shri Dharam Chander Prashant
28. Shri Thindivanam K. Ramamurthy
- \*\*29. Shri Sukhdev Prasad
- \*30. Shri Suraj Prasad

SECRETARIAT

1. Shri N.N. Mehra, Additional Secretary
2. Shri D.M. Chanan, Chief Legislative Committee Officer.

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@ ceased to be Member of the Committee on his  
appointment as Deputy Minister w.e.f. 14.2.88.

\*\* ceased to be Member of the Committee on his appointment  
as Governor w.e.f. 16.2.88.

\* ceased to be Member of the Committee on his  
retirement from Rajya Sabha w.e.f. 2 April, 1988.

## INTRODUCTION

I, the Chairman, Committee on the Welfare of Scheduled Castes and Scheduled Tribes, having been authorised by the Committee to submit the Report on their behalf, present this Thirty-sixth Report (Eighth Lok Sabha) on the Ministry of Finance (Department of Economic Affairs - Banking Division) - Reservations for, and employment of, Scheduled Castes and Scheduled Tribes in Bank of Baroda and credit facilities provided by the Bank to Scheduled Castes and Scheduled Tribes.

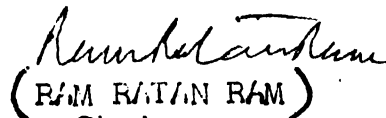
2. The Committee took evidence of the representatives of Ministry of Finance (Department of Economic Affairs - Banking Division) and Bank of Baroda on 23 December, 1987 and 25 January, 1988. The Committee wish to express their thanks to the officers of the Ministry of Finance (Department of Economic Affairs - Banking Division) and Bank of Baroda 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 19 April, 1988.

4. A summary of conclusions/recommendations contained in the Report is appended (Annexure-I).

NEW DELHI;

April 19, 1988  
Chaitra: 30, 1910(S)

  
(R/LM R/T/N R/LM)  
Chairman,

Committee on the Welfare of  
Scheduled Castes and  
Scheduled Tribes.

CHAPTER-I

INTRODUCTORY

A. ORGANISATIONAL SET-UP

1.1 The Bank of Baroda's Chief Executive is Chairman and Managing Director supported by an Executive Director and five General Managers. The respective functional areas of General Managers are :

- (1) Operations & Services.
- (2) C & I Credit.
- (3) International & Inspection.
- (4) Planning and Development.
- (5) Personnel & Vigilance.

While the first four General Managers operate through the Executive Director, the General Manager (Personnel & Vigilance) is directly responsible to Chairman-cum-Managing Director.

1.2 The Bank has 12 zones comprising 51 regions. The Zonal Offices are located at Bombay 2), Pune, Madras, Calcutta, New Delhi, Lucknow, Meerut, Jaipur, Ahmedabad, Baroda and Surat.

The Zones at Ahmedabad and Lucknow and the Bombay Main Office, are headed by Deputy General Managers while other nine zones are headed by Asstt. General Managers.

The average span of operations for each zone (except Bombay main Office) is around 4<sup>to</sup>/<sub>5</sub> regions and each region, on an average comprises of 35 to 40 Branches.

1.3 The total number of branches of the Bank are stated to be 1966. These include 55 over-seas branches. Area-wise breakup of the branches in India is as under :-

Area	No. of branches	Percentage to Total
Rural	916	47.9
Semi-urban	365	19.1
Urban	351	18.4
Metropolitan	279	14.6
Total:	1911	100.0

B. BOARD OF DIRECTORS

1.4 In a note furnished to the Committee, it has been stated that the Directors on the Board of the Bank are appointed by the Government of India, in the Ministry of Finance as per the provisions of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme made by the Central Government under Section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.

It has further been stated that out of a total of fifteen Directors, the Bank's Board of Directors <sup>was</sup> composed of only four Directors viz. Chairman-cum-Managing Director, Executive Director, Official of Reserve Bank of India and official of Central Government. The posts of non-official Directors were stated to be vacant.



1.5 As regards the appointment of an SC/ST director on the Board of Directors of the Bank, it has been stated :

"There is no member from the SCs/STs at present on the Board."

1.6 During the evidence, when asked since how long the vacancies in the Board had been there, the representative of the Bank replied that these had been there for the last two years or more. The witness continued:

"Of late the Government is trying to finalise the list more keenly and we hope some decision will come soon."

1.7 When asked about the reasons for not nominating an SC/ST on the Board of Directors, the witness replied :

"Whenever non-official directors are appointed it will be kept in view that there is one member belonging to the SC/ST."

1.8 The Committee regret to note that at the time of their examination the Board of Directors of the Bank of Baroda was composed of only four Directors out of a maximum number of 15 Directors. The Committee are surprised to find that the number of vacancies on the Board of Directors of the Bank are almost three fourth of the maximum number of 15 Directors and these have been existing for over two years. If a Bank can function efficiently and profitably with only four Directors against the maximum limit of 15 Directors, Government will be well advised to review the real requirement of number of Directors on each bank, reduce the limit and thereby make a saving in the expenditure on the Board of Directors. However, if the limit of 15 is really necessary for efficient functioning and policy evolution for the Bank, the delay caused in filling such a large number of vacancies is deplorable to say the least. The Committee have been informed that of late Government is trying to finalise the list more keenly and decision is likely to be taken early. The Committee will like to be informed of the action taken in this regard and the date on which the vacancies are actually filled. The Committee recommend that while appointing more Directors on the Board of Directors of the Bank, Government should ensure that at least one of the Directors to be appointed belongs to SCs/STs as assured by the representative of the Ministry of Finance (Department of Economic Affairs - Banking Division).

C. SC/ST CELL IN BANKING DIVISION  
OF THE MINISTRY

1.9 The Ministry of Finance have informed <sup>the Committee</sup> ~~that~~ "in the Banking Division there is an SC/ST Cell which is responsible for watching the implementation of Government orders regarding reservations for and employment of Scheduled Castes and Scheduled Tribes in the public sector Banks/Financial Institutions."

The present staff strength of the Cell is stated to be :

"Section Officer	- 1
Assistants	- 2
L.D.C.	- 1"

1.10 Drawing attention to Para 1.29 of their 24th Report (1986-87) wherein the Committee had urged that "the Banking Division to suitably strengthen the Cell and streamline its working so that it can perform the duties assigned to it efficiently and effectively" and also that the "staff working in the Cell should not be given any work not connected with the Cell," and to the Ministry's Action Taken note dated 3<sup>rd</sup> <sup>August,</sup> 87 informing <sup>that</sup> the Committee ~~their~~ recommendation was being examined, the Committee, during the evidence, enquired about the <sup>of</sup> outcome ~~of~~ Ministry's examination to augment the staff-strength of the Cell. The witness replied that "after the receipt of the recommendations, we had requested the Work Study Unit to examine our requirements and suggest the additional staff. They have not yet given their recommendations."

1.11 When asked about the <sup>number of</sup> SC/ST Employees looked after by the Banking Division, the witness stated that "it is about 146330." The witness added :-

"/to "That is why we have requested the work study Unit to see how much workload is there, so that they can recommend for some more staff..... I entirely agree that there is a need for more staff and that is why we have requested them (Work Study Unit) expedite it."

The witness further submitted that "the Cell is confined to doing the work entrusted to it."

1.12 Seeing the enormity of the work load of the Cell, the Committee enquired of the witness whether the Ministry could not make any internal readjustment to post more staff to the Cell. The witness replied that one person had already been posted to the Cell from the Ministry itself but it could not be a regular arrangement. The witness further submitted that the staff strength of the Cell could not be augmented till the recommendations of the Work Study Unit were received. However, the Ministry would see if any additional hand could be given internally.

1.13 The Committee regret to note that over the years the staff strength of the SC/ST Cell in the Banking Division has not been strengthened adequately to enable it to discharge its functions efficiently and promptly as recommended by the Committee time and again. The Committee recommend that the Ministry take up the matter with the Work Study Unit suitably to get their recommendations expedited and augment the staff strength of the Cell within a period of three months.

D. SUBMISSION OF RETURNS TO BANKING DIVISION

IMPLEMENTATION OF RESERVATION ORDERS

- 1.14 It has been stated that "the Banks are required to send annual returns showing the details of number of posts reserved, number of posts filled by Scheduled Castes/Scheduled Tribes, number of posts carried forward etc. in the matters of recruitment and promotions."
- 1.15 During <sup>the</sup> evidence, the Committee enquired whether the Ministry receive<sup>d</sup> Annual Reports from the Bank of Baroda. The representative of the Ministry of Finance stated that the Bank of Baroda had been sending Annual Reports for the last three years regularly.
- 1.16 Asked what action was taken by the Department of Banking on these Reports the witness replied:-
- "The statistical information is made use of for collecting our data. Also we point out the defects. In fact, I would say that there has been improvement after the last evidence that we gave before the Committee. We are looking into every report and are giving our comments to the Bank; we point out to them the areas of deficiency and tell them what they should do."
- 1.17 When asked to indicate the dates of receipt of such Reports for the last two years, the witness stated :
- "The 1985 Report was received by us in March 1986 and the 1986 Report was received in May, 1987. This is being made use of for incorporation in our Annual Report."

1.18 In reply to query by the Committee as to whether the Ministry was satisfied with the monitoring arrangements in <sup>the</sup> Banking Division, the witness replied :

"I can only say that the monitoring has now improved after we gave evidence before the Committee last year and after we received the recommendations. Earlier these reports were used only for statistical purposes, but now even with the limited staff we are examining every report from every bank. We are receiving reports from every bank and we are examining them and are sending our comments. Normally, I send D.O. letter to the Chairman, and they also respond."

1.19 When asked whether the monitoring was done by the Scheduled Caste/Scheduled Tribe Cell in Banking Division or it was done by any other independent unit, the witness replied :-

"It is the Cell's job, and it is overseen by the Liaison Officer of the Banking Division who is a Deputy Secretary. I also look into it at my level."

1.20 The Committee asked the witness as to what action was taken by the Ministry on the latest **Report** received from the Bank of Baroda. **Report** The witness read out the following excerpts from his letter written to the Bank authorities :

"It transpires from the Report that the backlog position in reserved vacancies for Scheduled Castes is higher than the backlog of vacancies in reserved vacancies for Scheduled Tribes. Further, the backlog in respect of direct recruitment to all cadres is substantial and demands immediate

action on your part to wipe out the same at the earliest possible time. I shall be grateful if you can look into this matter personally and apprise me of the action taken in this regard."

The witness added :

"This is what I wrote and they have replied. They have taken steps in the officers cadre."

1.21 When asked about the results of the action taken by the Bank, the Chairman of the Bank of Baroda submitted :-

"So far as the officers' cadre is concerned, out of 150 officers, 50 per cent are being taken from the Scheduled Castes and Scheduled Tribes immediately. This was the action taken. So far as the clerical, sub-staff is concerned, we are in the process of recruitment and we will cover the backlog."

1.22 When asked whether the backlog would be cleared by 1988, the witness replied :

toe "In the next recruitment we will take 50 per cent. May/by 1988, the full backlog will not be covered. It cannot be cleared in such a short time, but it will be done gradually over a period of time."

1.23 When asked about the extent of backlog cleared in 1986 by resorting to these measures, the witness replied :-

backlog of  
"There is/ 180 officers of Scheduled Caste and 144 officers of Scheduled Tribe. That was the backlog when the recruitment took place and after current recruitment the backlog is 153 for Scheduled Caste and 139 for Scheduled Tribe. This is/as of 31st December, 1987."



The representative of the Ministry of Finance clarified the position as follows :-

"It is not that 50 per cent of the backlog have been wiped out. Out of 150 officers being recruited this year, they have recruited 50 per cent from the Scheduled Castes and Scheduled Tribes which they were not doing earlier. But the backlog continues. They have promised that the backlog will be reduced gradually. The percentage of the backlog will be reduced gradually."

1.24 The Committee note that the Bank of Baroda has taken some steps to clear the backlog of reserved vacancies in the officers cadre by annually taking 50 per cent of the recruits from Scheduled Castes/ Scheduled Tribes. However, steps to clear the backlog of reserved vacancies in the clerical and sub-staff cadres are yet to show the results as the process of recruitment is still on. The Committee recommend that the Ministry of Finance should pursue the matter with the Bank of Baroda and ensure that suitable measures are taken to clear the backlog in these two cadres as early as possible.

E. IMPLEMENTATION OF RESERVATION POLICY

1.25 One of the steps taken by the Banking Division to ensure implementation of the reservation policy of the Government is stated to be :

"All policy circulars regarding implementation of reservation policy received from the Department of Personnel and Training are vetted and if necessary, modified to make them suitable for implementation by the Banks/Financial Institutions under the control of this Division. These circulars are thereafter forwarded to the Banks for implementation of the instructions contained therein."

1.26 During the evidence, the Committee enquired whether the Presidential Directives could be vetted or modified by the Ministry. The representative of the Ministry of Finance replied :-

"The Presidential Directives are contained in the brochure which have been published by the Department of Personnel which are generally applicable to banks also. But we have made some changes."

1.27 When asked whether any compendium of Government circulars had been prepared, the witness replied that it had been prepared and was being vetted by the Indian Banks Association because the Ministry wanted them to print it. The witness further clarified :-

"In certain areas we have given extra relaxations which are not provided for in the Brochure to take care of qualifications and so on. To that extent, we have modified it in favour of Scheduled Castes and Scheduled Tribes. We have completed the compilation and we have given to another expert body to examine whether the latest instructions are incorporated in it or not. Then we will print it."

1.28 When asked about the time taken for the circulation of the Government directives to banks from the Ministry of Finance, the witness replied that it did not take a long time; in all probability the Government directives were issued to the Banks by the Ministry of Finance within a week of their receipt from the Department of Personnel.

1.29 When asked to give some examples of the relaxations made in favour of Scheduled Castes/Scheduled Tribes by the Banking Division vis-a-vis the Government directives, the witness replied that according to the Government guidelines there could not be any relaxation for Scheduled Castes/Scheduled Tribes in educational qualifications where the qualifications were prescribed as eligibility criteria for applying for certain posts. For the banks this directive has been modified e.g. the educational qualifications for the general candidates for the clerical cadre was 1st class matriculation or IInd class higher secondary. In the case of Scheduled Caste/Scheduled Tribe candidates this has been lowered to IInd class matriculation or simple pass in higher secondary.

1.30 The Committee are happy to note that the Ministry of Finance have made some relaxations in the policy guidelines laid down by the Department of Personnel in the matters like educational qualifications for recruitment of Scheduled Castes and Scheduled Tribes. The Committee also note that a compendium of guidelines relating to orders applicable and relaxations made in respect of Scheduled Castes and Scheduled Tribes in the service of Banks was in the process of compilation. The Committee recommend that the compendium may be got vetted by the Indian Banks Association and printed by the Ministry of Finance at the earliest. In their opinion such a publication will attract more and more Scheduled Caste/Scheduled Tribes candidates in seeking employment in the Banks and will consequently help in the clearance of backlogs in reserved vacancies in addition to ensuring an improved implementation of reservation orders by the banks.

CHAPTER - II

RESERVATIONS

DATES OF IMPLEMENTATION OF RESERVATION ORDERS

2.1 According to information furnished by the Ministry, "reservations for direct recruitment have been implemented since August 13, 1970 whereas reservations for promotions are enforced since January, 1978 " in the banks.

2.2 During the evidence, the Committee enquired of the witness about the reasons for enforcing the reservations in promotions so late. The representative of the Ministry of Finance replied :

".....the question has been discussed rather in great detail in this Committee repeatedly and the same reply I have to give again. There has been a delay of about 5 years in issuing the instructions."

2.3 When asked as to what steps Government propose to take to rectify the mistake, the witness submitted:

"We consulted the Ministry of Law, whether it could be enforced retrospectively. The Ministry of Law has advised us that it cannot be made applicable retrospectively."

2.4 In reply to a query, the representative of the Ministry informed the Committee that all efforts were <sup>being</sup> made to enforce the reservation orders in promotions scrupulously.

2.5 Pointing out to the witness that the delay of 7 years in implementing the orders regarding reservations in promotions had resulted in denial of promotions to a large number of Scheduled Caste/ Scheduled Tribe employees of the Bank, the Committee

urged that the matter may again be taken up with the Ministry of Law as in their view retrospective effect could be given to orders regarding reservations in promotions to clear the backlog. The Joint Secretary, Ministry of Finance submitted :

"We thought that the Committee has already closed that matter. So the exercise may not be fruitful now."

2.6 The Committee regret to note that a delay of 7 years occurred in the implementation of the reservation orders in promotions in the Banks thereby denying a large number of Scheduled Caste/Scheduled Tribe employees promotions during all these years. The representative of the Ministry of Finance has pleaded that matter might be treated as closed as according to legal opinion reservations in promotions ~~can~~ not be given retrospective effect. The Committee are of the firm opinion that if retrospective effect ~~can~~ not be given to reservations in promotions, some justice ~~can~~ be done if for a few years the quota for reservations in promotions is increased above the normal limit<sup>so</sup> that the persons affected may get the advantage of promotions missed by them at least from a future date. The Committee desire that this matter should be re-examined and some way found to undo the injustice already done to a number of Scheduled Castes and Scheduled Tribes employees.



B. LIAISON OFFICERS/SC/ST CELLS IN THE BANK

2.7 The Committee have been informed :

"Separate Liaison Officers have been appointed at Headquarters of the Bank and at Zonal Offices to look after the interests of SC/ST employees.

The Liaison Officers at the Head Office and at all the Zonal Offices are required to check the rosters to ensure implementation of reservations for the Scheduled Castes and Scheduled Tribes.

SC/ST Cell has been constituted at all the Zonal Offices under the control of Liaison Officers. They are assisted by an officer and a clerk. SC/ST Cell has also been constituted at Headquarters of the Bank headed by Liaison Officer for the bank as a whole who is assisted by Scheduled Tribe officer and a clerk. Liaison Officers were nominated in 1984.

Rosters are maintained for all posts to which recruitment is done and for all promotions which attract reservations for Scheduled Castes and Scheduled Tribes."

2.8 During the evidence, the Chairman of the Bank of Baroda informed the Committee that all the Liaison Officers at the Zonal Offices of the Bank belonged to Scheduled Castes and Scheduled Tribes. However, at Head Office, the Liaison Officer belonged to general category in the rank of Deputy General Manager.

2.9 When asked whether the Liaison Officers at the Zonal level worked independently, the Chairman of the Bank of Baroda submitted as follows :-

"At the moment, the Liaison Officers who are at Zonal Offices are not absolutely independent for this work. We are in the process of re-organisation and very soon we shall be creating independent functions for them in each zonal office."

2.10 When asked about the staff strength of the Cells at the Zonal Offices, the Committee were informed that at present these Cells were manned by one officer, one clerk and one typist or Stenographer. In reply to a query about the total number of staff looked after by each Zonal Cell, the witness stated :

"A Zonal Office looks after 250 Branches. For Branch strength we take 20 people. They deal with sizeable number. We wish to streamline the whole thing."

2.11 The Committee note that Liaison Officers have been appointed at the Head Office and all the Zonal Offices of the Bank to look after the implementation of the reservation orders. However, for the time being zonal liaison officers are not working independently. The Committee recommend that the process of re-organisation, as assured by the Chairman of the Bank be expedited so that these Liaison Officers start working independently.

2.12 The Committee note that the staff strength of the Zonal SC/ST Cells is too inadequate as compared to the number of persons they have to deal with. The Committee recommend that the staff strength of these Cells may be augmented as early as possible as assured by the Chairman of the Bank during evidence to make them discharge their duties efficiently and effectively.

C. REVIEW OF RESERVATION POSITION OF SCs/STs

2.13 It is stated in the Preliminary Material that "the reservation position of Scheduled Caste/Scheduled Tribe used to be placed before the Board of Directors once in a year which periodicity has since been reduced to 6 months."

2.14 During the evidence, the Committee enquired about the reasons for decreasing the periodicity of review of the reservation position of Scheduled Castes/Scheduled Tribes in the Bank by the Board of <sup>Director</sup> i.e. from six months to one year. The Chairman of the Bank of Baroda stated as follows :-

"Regarding periodicity of returns we are following the Government guidelines. We are doing it on yearly basis. Our attention was drawn that it should be done on yearly basis."

The representative of the Ministry of Finance supplemented as follows :-

"Half-yearly returns were being submitted earlier. In October 1987, we felt that yearly return would be more useful."

The witness further stated that the Government guidelines changed to one year and the Bank was following those.

The position was further clarified by the representative of the Ministry of Finance for making the reviews yearly:- as follows :-

"The rosters for the Scheduled Caste/ Scheduled Tribe are being closed at the end of the year. The review which was taking place at six months intervals was becoming meaningless because of its dependence on the rosters which had not been closed. We received a representation from the banks that they are not able to review it properly because the figures were not available. That is why the Government decided that the review should be conducted in the month of January with reference to the position as it exists at the end of the previous year."

2.15 When asked whether the Ministry was satisfied with the reviews conducted, the witness replied :-

"We are not happy about it. We are devising a complete format so that certain points will be pin-pointed and we can find out the weaknesses. We have asked the Government Directors to personally look into all such reviews and to give their comments. That mistake (of not correctly following Government guidelines) was done earlier."

2.16 The Committee note that prior to October, 1987 the Board of Director of the Bank of Baroda used to review the implementation of the reservation orders in the Bank on half-yearly basis. However, at the behest of Ministry of Finance they have started doing <sup>it</sup> on yearly basis. The Committee can understand the sending of the returns showing the details of number of posts reserved, number of posts filled by SCs/STs, number of posts carried forward etc. in the matter of recruitment and promotion, to the Ministry of Finance once a year. However, they do not find anything wrong with the review being made by the Board of Directors of Banks after every six months even though based on unclosed rosters to nip any aberration in the filling of the vacancies reserved for SCs/STs in the bud. The Committee recommend that the Board of its own should continue to review the position on half-yearly basis.

2.17 The Committee recommend that the new format of the review may be devised early by the Ministry of Finance so that all relevant information on points of importance is furnished and it is easy to identify and high-light the weaknesses in the implementation of reservation orders in the reviews as mentioned by the representative of the Ministry of Finance during evidence.

CHAPTER - III

RECRUITMENT AND PROMOTIONS

A. RECRUITMENT PROCEDURES

3.1 The procedure for recruitment to officers, clerical and sub-staff cadres in Bank of Baroda is stated to be as under :-

" Officers:

The Selection of candidates in officers cadre is made through the Banking Service Recruitment Board (Western Group), Baroda.

Clerks:

The selection of candidates for appointment in clerical cadre is made through the various BSRBs.

Sub-Staff:

Vacancies in subordinate cadre are advised by respective Regional Authorities to the concerned employment exchanges. Recruitment is made from amongst the candidates sponsored by employment exchanges after interviews."

3.2 During the evidence, the Committee enquired whether the Bank of Baroda had ever resorted to special recruitment to clear the backlog of vacancies reserved for Scheduled Castes and Scheduled Tribes. The Chairman, Bank of Baroda replied :

"We have not done this. In view of the backlog and the situation which prevails today, we may be resorting to special recruitment where needed in the coming year."

3.3 When asked whether in the case of the candidates sponsored by the Employment Exchanges the reasons of rejection of such candidates were communicated to the Employment Exchanges as per Government directions on

the subject, the Chairman of the Bank replied :

"Employment Exchanges are sending us duly eligible candidates and it is not our practice to communicate the reasons for rejection to them."

The witness added :-

"We have not followed this procedure on the basis of the candidates selected we have sent the intimations that such and such candidates have not been selected..... we will certainly take the spirit of the guidelines and follow them closely."

3.4 Asked whether the Bank of Baroda communicated their requirement of sub-staff to SC/ST Associations of the area, the witness replied that instructions to this effect had been issued to the Zonal Offices.

The witness added that the list of Scheduled Caste/Scheduled Tribe Associations to whom the vacancies had to be notified had been circulated to the zonal offices.



3.5 The Committee recommend that the Bank of Baroda should hold special recruitments exclusively for Scheduled Castes/Scheduled Tribes to wipe out the backlog in reserved vacancies as assured by the Chairman of the Bank during evidence.

The Committee recommend that a gist of reasons for rejection of candidates sponsored by Employment Exchanges should always be communicated to them to enable the Exchanges to sponsor right type of candidates in subsequent recruitments as provided in Government Orders. However, specific reasons for not selecting a particular candidate need not be so conveyed if it ~~harm~~the interest of the candidate for being sponsored for some other similar job in future.

3.6 The Committee have been informed that the Head Office of the Bank of Baroda has circulated the instructions regarding circulation of the requirements of sub-staff to the Scheduled Caste/Scheduled Tribe Associations of the area and that the list of such associations has also been circulated to the Zonal Offices for compliance. The Committee recommend that from now onwards the practice of notifying the vacancies to the Scheduled Caste/Scheduled Tribe Associations in all recruitments be followed scrupulously by the Bank of Baroda.

1B. APPOINTMENT OF SC/ST OFFICERS ON THE SELECTION COMMITTEES FOR RECRUITMENT OF SUB-STAFF

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3.7 It has been stated that "Bank is recruiting only sub-staff directly. Scheduled Caste and Scheduled Tribe candidates for recruitment to sub-staff cadre are neither interviewed on a separate day or in a separate block."

Asked whether the Bank invariably had a Scheduled Caste/Scheduled Tribe officer on the Selection Committees/Boards to ensure that the Scheduled Caste and Scheduled Tribe candidates were selected on the basis of relaxed standards. The Chairman of the Bank replied that "this is complied with."

3.8 Pointing out that the Committee had received complaints that Scheduled Caste/Scheduled Tribe officers were not associated with the Selection Committees/Boards, the Committee enquired of the witness what he had to say in the matter. The witness replied :-

"that was in the past. Thereafter the situation has been corrected."

3.9 From the statement of the Chairman of the Bank of Baroda it appears that prior to the taking up of the examination of the Bank by the Committee, the selection Committees/Boards of the Bank did not have any officer belonging to Scheduled Castes and Scheduled Tribes.

The Committee recommend that Scheduled Caste/Scheduled Tribe officers should <sup>be</sup> invariably included in the Selection Committees/Boards as assured by the Chairman of the Bank during evidence. In case a suitable Scheduled Caste/Scheduled Tribe officer is not available in any zonal office of the Bank, a Scheduled Caste/Scheduled Tribe officer from any other bank or any Government Undertaking may be associated with Selection Committees/Boards.

C. MINIMUM TIME GIVEN TO SC/ST CANDIDATES FOR APPEARING IN INTERVIEW OR FOR JOINING IN CASE OF SELECTION.

3.10 The Committee have been informed :-

"I. Candidates including Scheduled Caste/Scheduled Tribe appearing for interview for recruitment to sub-staff cadre are normally given time of one to two weeks.

II. For joining the posts, the following time is given :

i) Officers-45 days extendable upto 90 days.

ii) Clerical and sub-staff-15 days extendable upto 90 days.

III. Requests of SC/ST candidates for extensions in joining duties are considered sympathetically and recently instructions have been issued that no such request is rejected by an officer at a level lower than that of the General Manager."

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3.11 During the evidence, the Committee desired to know

whether the call letters for interviews/appointments

were sent by registered post to Scheduled Caste/

Scheduled Tribe candidates. The Chairman, Bank of Baroda

replied that those were sent by ordinary post.

3.12 The Committee asked whether there was any case

where Scheduled Caste/Scheduled Tribe candidates had

asked for extension of time for joining the service.

The witness stated :

"It may be there in some cases. I am not able to cite any case now. Normally due to family problems or some other problems, they may ask for extension. Instructions are given that none of the requests for extension of time should be turned down by an officer less than the General Manager."

3.13 The Committee recommend that all interview calls and appointment letters be issued by the Bank of Baroda by Registered Post to SC/ST candidates to ensure their <sup>timely</sup> delivery. Simultaneously a copy thereof should also be sent by ordinary post so that in case registered letter was delayed, at least the letter sent by ordinary post reaches in time.

3.14 The Committee also recommend that requests from SC/ST candidates for extension of time for joining service in the Bank may invariably be considered sympathetically by the authorities. In their opinion firm guidelines should be laid down by the Bank in this regard instead of leaving the matter to the subjective discretion of an individual officer of howsoever high rank may be.

D. RELAXATIONS IN PROMOTIONS

3.15 One of

the concessions given to Scheduled Caste/Scheduled Tribe employees in promotions is stated to be :-

"The Scheduled Caste/Scheduled Tribe employees are given 5% relaxation in the minimum qualifying marks in the written test and in interview."

The Committee enquired of the witness whether 5 per cent concession in written test and interview was sufficient to fill all the vacancies reserved for Scheduled Caste/Scheduled Tribe employees through promotion or there was scope of further relaxation.

The witness replied as under :-

"We are able to get the Scheduled Caste candidates but we have difficulty in respect of Scheduled Tribe candidates."

3.16 The Committee asked whether the Bank of Baroda was considering to give further concessions to Scheduled Tribe employees so that Bank might <sup>be able to</sup> fill all the vacancies reserved for them in promotions. -

The Chairman, Bank of Baroda stated as follows :-

"We will examine this aspect of the matter and discuss it with the Ministry."

The representative of the Ministry of Finance also assured the Committee that "we shall look into it and review the entire picture in relation to that."

3.17 The Committee note that the Bank of Baroda finds it difficult to fill all the vacancies reserved for Scheduled Tribes through promotions by giving 5 per cent concession in written test as well as in interview. They have been assured by the Chairman of the Bank and the representative of the Ministry of Finance during the evidence that the question of giving further relaxations to Scheduled Tribes in written test and interview for promotion will be reviewed. The Committee will like to be apprised of the outcome of the review.

E. COMPOSITION OF THE INTERVIEW PANEL FOR PROMOTIONS FROM CLERICAL CADRE TO OFFICERS CADRE:

The Committee have been informed :-

"For promotions from clerical to officers' cadre the interview panel consists of an Asstt. General Manager (Scale V), 2 Chief Managers (Scale IV) and an SC/ST officer of MM-III or MM-II."

During the evidence, the Committee enquired of the witness whether the level of Scheduled Caste/Scheduled Tribe officer at the interview panel was not low as compared to other members with the result that he might not <sup>have been</sup> be able to express his opinion freely and objectively. The witness replied:-

"A grade II/III Scheduled Caste/Scheduled Tribe officer is put on the interview panel. He does his own marking and gives his own evaluation. There is no difficulty in this regard."

3.20 When the Committee pointed out that an officer of MM Grade II/III was not equivalent to Assistant General Manager and might not be able to express his opinion freely and suggested that a Scheduled Caste/Scheduled Tribe officer of <sup>comparable</sup> status should be appointed on the interview-panel, the Chairman of the Bank replied that "we will examine this."



3.21           The Committee recommend that an SC/ST Officer of a rank comparable to the rank of other members should always be appointed at the Interview panels for promotions from clerical to officer cadre in the Bank. If an officer of such a rank was not available in the Bank at any stage, the bank should nominate such an officer from any other Bank/Public Undertaking on the interview panel.

F. INSPECTION OF ROSTERS

3.22 The Committee have been informed :

"Liaison Officers for Scheduled Castes/  
Scheduled Tribes at Head Office and Zonal Offices  
carry out annual inspection of rosters and  
they send the inspection reports to Head  
Office."

3.23 During the evidence the Committee asked the  
witness whether the rosters were properly maintained.

The Chairman, Bank of Baroda replied :

"Yes. They are being maintained."

3.24 Asked whether the Rosters were inspected by  
the respective Liaison Officers regularly. The witness  
replied that the Rosters were examined once each year.

3.25 When asked when the Rosters were last inspected,  
the witness replied:-

"During the year 1987, I have carried out the  
inspection of the rosters of 11 zonal offices  
Out of 12, I have found that in the previous  
years, the liaison officers who verified the  
rosters and signed in token of having verified  
the rosters.

These rosters have been maintained in  
respect of recruitment of officers and internal  
promotion of officers from clerical cadre  
at the head office. In respect of recruitment  
of subordinate cadre  
and the recruitment of  
clerical cadre, the rosters are maintained at  
the zonal offices.

As to the contents of the rosters, we have  
mentioned in the report also that there have  
been errors in carrying forward the backlog.  
Whatever mistakes were there, they were rectified  
during the subsequent years in presenting a  
proper picture of the SC/ST recruitment."

3.26 The Committee have been informed that there have been errors in the maintenance of rosters for recruitment to clerical and sub-staff cadres maintained at the Zonal Offices of the Bank. The Committee feel that this is due to lack of proper training to the staff responsible for maintenance of rosters. The Committee recommend that the Bank should take measures to give intensive and exhaustive training to the staff working in the SC/ST Cells at the Zonal Offices to obviate the possibility of errors creeping into the maintenance of rosters which affects the interests of SCs/STs in recruitments and promotions.

C. DE-RESERVATION

3.27 The Committee have been informed :

"Since recruitment of Officers and clerks in our Bank, as in other banks, is done through BSRB by holding public examination, it is regretted that under a mistaken notion the procedure for dereservation of reserved vacancies as laid down in Chapter 10 of the brochure on Reservation of Scheduled Castes and Scheduled Tribes in services, has not been followed. The lapse has been noted and instructions have been issued to all the concerned to follow with effect from the year 1987 the correct procedure for dereservation of vacancies reserved for SC/ST before they are filled up by general candidates. It is, however, submitted that the vacancies unfilled by the SC/ST candidates have been carried forward from year to year and the position has also been placed before the Board of Directors."

3.28 The number of vacancies dereserved in different categories of posts during each of the last three year has been stated to be as follows :

"(i) Direct Recruitment:

<u>Year</u>	<u>Category</u>	<u>No. of vacancies carried forward</u>	
		<u>SC</u>	<u>ST</u>
1984	Officers	152	176
1985	"	163	154
1986	"	180	144
1984	Clerical	375	300
1985	"	363	326
1986	"	297	286
1984	Sub-staff	-	102
1985	"	33	102
1986	"	31	108

(ii) Promotion from clerical cadre to Officers cadre in JMG/S-1 :

1984	-	-	155
1985	-	-	104
1986	-	-	*104

\*(No promotions were declared in 1986)."

3.29 During the evidence, the Committee desired to know the stage when the lapse came to the knowledge of the Bank and the steps taken to ensure that orders on de-reservation <sup>were</sup> strictly followed in the Bank. The representative of the Bank of Baroda explained the position as under :

"The lapse came to the notice of the Bank in 1937. Instructions of the Government on the subject have been noted and also passed on to the concerned authorities. It is also proposed to issue instructions to the zonal managers that if they appoint any general candidate against a post reserved for SC or ST without taking the drill of dereservation, they will be personally held responsible and expose themselves to disciplinary action."

The witness further added that :

"the number of reserved vacancies filled in by general candidates in direct recruitment during the last three years has been as under:

Officers :	84	-	75
	85	-	40
	86	-	45
Clerks :	84	-	544
	85	-	321
	86	-	47
Sub-staff:	84	-	102
	85	-	59
	86	-	34"

3.30 The Committee cannot but express their utter anguish that the procedure laid down in the Government directives for dereservation of reserved posts has not been followed in the Bank of Baroda till the Committee took up the examination of the Bank in 1987. In their opinion there cannot be a worst dereliction of duty and responsibility for this should be fixed. The Committee recommend that the Bank should follow the Government directions in regard to reservations in all respects and aspects scrupulously so that SCs/STs get their due in reservations.

H. LAPSING OF VACANCIES IN THE CLERICAL CADRE

3.31 The Committee have been informed that in 1985, 27 and 1 vacancies and in 1986, 69 and 20 vacancies reserved for SCs and STs respectively in clerical cadre have been allowed to lapse.

In reply to the following questions,

viz :

- (a) Whether the posts allowed to lapse in 1985 & 1986 had been carried forward for three consecutive recruitment years and if not, the reasons therefor ;
- (b) Whether the number of lapsed vacancies was too high;
- (c) At what level the decision to allow the reserved posts to lapse was taken;
- (d) Whether half yearly reports were presented to the Board giving the clear picture of the filling up of the reserved vacancies and if so, the directions given by the Board in this regard during those years; and
- (e) Whether any recruitment was held for SCs/STs exclusively.

the Committee were informed through a written note subsequently as follows :

- "(a) Yes Sir.
- (b) Yes Sir.

- (c) As per the rules, in the the third year of carry forward if the reserved vacancies could not be filled up by the candidates from that community, they are to be exchanged, if possible, with the candidates available from the other reserved community. If even after that some vacancies could not be filled up the same would automatically lapse. For this no approval of any authority has to be taken.
- (d) The reports have been placed before the Board of Directors on 11.7.85, 21.6.86, 8.8.87 and 2.12.87. Instructions have, however, been received from the Government that since the rosters are being closed only at the end of the calendar year going to the Board twice a year does not serve the purpose and that the banks should place the position of the reserved posts before their Boards only once in a year preferably in January/ February of the year following the year to which the report relates.

In respect of the review for the year 1984, which was placed before the Board of Directors on 11.7.85 it had observed as under :

- 1) henceforth backlog in vacancies reserved for SC/ST be furnished for last three years in the said note, instead of giving backlog of only the year under review.
- 2) alongside the figures of actual recruitment of SC/ST candidates, figures of vacancies reserved for them be also given, to have a comparative study.
- 3) Special recruitment exercises exclusively for SC/ST candidates be initiated by the Bank to clear the backlog, as and when necessary.

Thereafter the review report was placed before the Board in respect of the year 1985, 1986 and 1987 (upto June 1987) on 21.6.86, 8.8.87 and 2.12.87 respectively. The Board did not make any specific remarks on the reports."



3.33 The Committee note that a large number of reserve vacancies were allowed to lapse during 1985 and 1986 in clerical cadre. The explanation given is a clear attempt made by the Bank authorities to hoodwink the Committee. They have been told earlier during the evidence that the instructions to place the position regarding filling up of reserve vacancies before the Board once a year were issued by the Ministry of Finance in October, 1987. The position regarding lapsing of a large number of vacancies were duly placed before the Board of Directors several times but to the utter dismay of the Committee, the Board which is duly represented by the officials of the Ministry of Finance failed in its duty to give proper guidance in the matter.

The Committee feel that it is a fit case for a thorough look into the matter and to fix responsibility. The Committee will await the outcome of the probe.

I. COMPLAINTS/GRIEVANCES

3.34 The Committee have been informed :

"The Bank has advised all the zones to acknowledge receipt of any complaint/grievance/representation received from SC/ST employees; to maintain a register for recording such complaints and to facilitate proper follow up and to take remedial measures for resolving the grievances of the SC/ST employees. The Liaison Officers at Head Office and in the Zones/Regional Offices are available to listen to the grievances of SC/ST employees and their Associations."

3.35 During <sup>the</sup> evidence, asked about the number of representations received from Scheduled Caste/  
Scheduled Tribe employees, <sup>the</sup> nature of their grievances and <sup>their</sup> disposal during 1986, the witness replied:

"In 1986, totally 28 representations were received. They were mostly regarding transfers. Some were accepted and some were not accepted but all were disposed."

3.36 When asked how much time was taken to dispose of a representation, the witness replied :

"It takes about two to three months depending upon region and zone. Instructions were issued by Govt. in January, 1983. These 28 complaints were received by the Head Office."

There could also be complaints which were received by the Regional Managers and the Zonal Managers. This 28 does not include that. Those will be disposed of there itself."

ibid

The Chairman, Bank of Baroda added :

"If they are not in a position to dispose it by themselves, they will refer it to the Head Office. We also verify the complaint registers which are maintained and the rosters are also maintained. Mostly complaints refer to the transfer from one place to another and some may be of harassment and discrimination. Disposal is both at the regional or zonal level and also at the Head Office."

3.37 When asked whether any report about the complaints/representations/grievances was submitted to the Head Offices by the Liaison Officer, the witness submitted :

"In terms of the directions given, I am expected to submit an annual inspection report to the Chairman and Managing Director as to show what I have done in my visit and about the complaint registers maintained there. My report would be submitted within the time prescribed. In January 1988, I will be submitting my report to the Chairman. In the meantime, our observations on the complaints are brought to the notice of the Management."

3.38 The Committee have been informed that it takes 2 to 3 months to dispose of a complaint/representation received from an SC/ST employee of the Bank. The Committee feel there is a scope for the curtailment of the time taken for disposal of <sup>these</sup> complaints and grievances. They recommend that the matter may be reviewed by the Bank and a suitable procedure devised for quick disposal of such complaints/representations. The Committee will like to be apprised of the steps taken by the Bank in this direction.

The Committee desire to emphasise that each complaint or representation received from SC/ST employees should invariably be entered in a central register and some senior officer should go through entries made in the register to ensure that timely action is taken thereon.

J. BOGUS CERTIFICATES

3.39 During their visit to the South while examining certain banks it was brought to the notice of the Study Group of the Committee that the menace of furnishing bogus SCs/STs certificates was very much prevalent in the South especially in Karnataka and Tamil Nadu.

3.40 Asked to give his comments in the matter the representative of the Ministry of Finance stated that there might have been one or two cases.

When asked whether caste certificate issued 10 years earlier were treated as valid at the time of recruitment, the witness stated that the caste certificates should be taken every year. The witness, however submitted that in case this were to be insisted upon by the banks then complaints of harassment would be made.

3.42 When suggested that old caste certificate should not be treated as valid for recruitment in banks, the representative of the Ministry of Finance submitted that the point to be considered was whether it would be practical. If the suggestion was accepted, the SC/ST candidates would have to go to the Collector or Tehsildar every year to get the certificate.

3.43 On being suggested by the Committee that old certificates should not be considered as valid at the time of recruitment to check the menace of bogus caste certificates, the representative of the Ministry of Finance read the following directions issued by the Department of Personnel:-

· /provisionally

"Where a candidate belonging to Scheduled Castes is asked to produce the certificate from any of the prescribed authority, he may be appointed / on the basis of whatever prima facie proof he is able to produce in support of his claim subject to his furnishing the prescribed certificate within a reasonable time and if there is a genuine difficulty, the authority should itself verify the claim with the District Magistrate concerned."

The witness further stated that the above direction issued by the Department of Personnel was being followed by the Bank.

3.44 The Committee note that according to existing directions of the Department of Personnel an SC/ST candidate may be appointed initially on the basis of whatever prima-facie proof he is able to produce in support of his caste claim subject to his furnishing the prescribed certificate within a reasonable time. The Committee recommend that subsequent to the appointment, the recruitee may be asked to furnish his caste certificate from the authorised authority within six months of the recruitment on a form which may be devised by the banks. The certificate when received should be carefully examined to ensure that the caste mentioned therein is really <sup>an</sup> SC/ST in the respective state and any doubt raised should be got clarified by referring the matter to the concerned District Magistrate. Where necessary, legal opinion may also be taken at that very stage so that no complications arise later on if the certificate is found to be unacceptable. This, in the opinion of the Committee, will automatically curb the menace of submission of false caste certificates.

K     FOREIGN POSTINGS

3.45     It has been represented to the Committee by the All India Bank of Baroda SC/ST Employees Welfare Association that "foreign postings are not given to Scheduled Caste/Scheduled Tribe employees. Only one Scheduled Caste/Scheduled Tribe officer has been given foreign posting so far. This officer got the posting on his own merit and not because his being from the Scheduled Caste."

3.46     During the evidence when asked to give his comments in the matter, the Chairman of the Bank of Baroda replied as follows :-

"At present, there are two Government instructions on this. There is a criterion which is to be fulfilled for the purpose of screening and selection. One man was sent abroad in the last selection. Whoever is eligible is sent. There are two officers at the moment. One officer is likely to be repatriated because he has completed his tenure. The total number of expatriate officers abroad is 84."

3.47     When asked whether any relaxation could be given to SC/ST employees in selections for foreign postings, the witness replied :-

"These foreign posts and the type of activities which an officer is supposed to handle calls for highly specialised skill. Therefore, I am imparting training to the boys. I have covered the backlog upto 50 per cent. Out of 84, there are two SC & ST officers."

3.48     On being asked whether the number of SC/ST Officers given foreign assignments would be increased, the witness stated that "as soon as they become competent I will send them abroad."



3.49 The Committee note that out of 84 officers given foreign postings only two belong to SCs/STs which in their opinion is far too less. The Committee recommend that there should be a good sprinkling of SC/ST Officers among those given foreign postings. This will not only broaden their outlook but will also enable them to acquaint themselves with the work culture and the bank procedures of foreign countries which in the final analysis will be to the benefit of the Bank of Baroda itself. The Committee are happy to note that officers which include SC/STs are being provided special training by the Bank to equip them to handle work which calls for highly specialised skill during the foreign posting.

CHAPTER -IV

STAFF STRENGTH AND SHORTFALL

A. STAFF STRENGTH

4.1 The number of employees and the number of Scheduled Castes and Scheduled Tribes among them in officers and clerical cadres of the Bank as on 1.1.78 and 1.1.87 is stated to be as follows :-

Year	Category of posts	Total No. of employees.	Number of		Percentage to total		Shortfalls	
			SCs	STs	SCs	STs	SCs	STs
1.1.78	Officer	4967	53	05	1.66%	0.10%	100	63
1.1.87	Officer	10889	1028	137	9.44%	1.25%	180	144
1.1.78	Clerical	11953	1338	147	11.19%	1.22%	-	403
1.1.87	Clerical	21024	2608	561	12.40%	2.66%	297	286"

4.2 During <sup>the</sup> evidence, when the Committee desired to know the reasons for the low representation of SCs/STs in the officers cadre and the steps proposed to make it up, the Chairman, Bank of Baroda stated that it was due to non-availability of candidates and efforts to wipe <sup>out</sup> the shortage through special recruitment would be made. The witness added that in Kerala, Tamil Nadu and Karnataka the backlog of posts reserved for Scheduled Tribes had been made up to a large extent.

4.3 When asked as to why special efforts had not been made in Madhya Pradesh and Bihar to recruit tribals, the witness stated that some tribals had been recruited from those areas and efforts <sup>were</sup> being made to post them in Gujarat.

4.4 The witness continued<sup>that</sup> in the Badodara area the Bank had started a training programme and the outcome thereof was awaited. The Committee suggested that in the clerical cadre and in the sub-staff cadre if there was a shortage of Scheduled Tribe candidates, the bank could resort to inter-state recruitments to improve their representation in services. The Chairman of the Bank of Baroda replied that efforts were being made in this regard. However, the main problem faced by the bank was that of mobility. The Committee pointed out that in the absence of statistics regarding the number of Scheduled Tribe candidates who applied in recruitments; the number of candidates who qualified in the written test and/or interviews; the number of candidates offered appointments; the number of candidates who actually joined, how could the plea of mobility be taken by the Bank.

The representative of the Ministry of Finance submitted:

"But generally speaking the Banking Recruitment Board has been empowered to look into these questions in a manner that they can fulfil the demands of the Bank. In relation to the clerical cadre, recruitments are being made State-wise. The Bank of Baroda could identify its own requirement in relation to certain areas and we could possibly explore with the Chairman, at our level, what sort of further initiative might be taken which might help to fulfil this responsibility. But, sir, on the

Banks

whole the Banking Recruitment Board also periodically review these matters. The Chairman of the BSRBS also has a forum where they meet periodically and work out certain arrangements."

4.5 When asked whether any meeting of the officials of the Ministry with the Chairman of the Banking Service Recruitment Boards had been held to find ways <sup>and means</sup> to make up shortfall of Scheduled Tribes in Banks as assured by the representative of the Ministry during the examination of UCO Bank, <sup>in 1986</sup> the witness replied :

"We have held the meeting of the Banking Service Boards and we have examined the question. The witness further stated that certain measures were suggested to the BSRBs by the Ministry for clearing the backlog of Scheduled Tribes."

When asked about the follow up action on the measures suggested by the Ministry of Finance, the witness stated :

"We also called two or three Chairmen and the liaison officers of the banks. Only one Chairman came. The others did not come. We had a detailed review of all the measures taken by them and instructions have been issued."

Giving details of the discussions held at the meetings with the BSRBs the witness gave the following elucidation :-

"This meeting of BSRBs Chairmen, was taken by the then Additional Secretary. There were many issues. One was the backlog. The BSRBs had also a problem. They have the indent placed on them by the banks for the recruitment. The bank, could not keep to their commitments because of their various problems, etc. Then the Chairmen were told, irrespective of all these things, since a number of SC/ST candidates are available they have to be accepted and these candidates have to be supplied to the banks."

4.8 When asked about the difficulty in getting Scheduled Tribe candidates, the witness replied that the main problem was the non-availability of Scheduled Tribe candidates.

4.9 Asked whether there was any difficulty in getting requisite number of Scheduled Caste candidates the witness replied :-

"My own experience is the number of candidates that apply is much more than the required number of vacancies. Generally, adequate number of people belonging to SC qualify in the written tests with the relaxed standards. But, finally, in spite of the relaxed standards, as I said, five per cent or so fewer numbers only qualify in the final selections. But that also varies from BSRB to BSRB and recruitment to recruitment. But the problem is more acute in STs and not so acute in SCs. We are able to get SC people. ST is still problem. In Lakshadweep we were told that the population of ST, is very large. And we are taking special measures. The Trivandrum BSRB have accepted it. They have gone there and steps are being taken to recruit people."

4.10 The acute shortage in the representation of the Scheduled Tribes in the clerical and sub-staff cadres of the Bank of Baroda has been attributed to the non-availability of Scheduled Tribe candidates. To overcome this difficulty the Ministry of Finance <sup>has</sup> held a meeting with the Chairmen of the Banking Service Recruitment Boards and impressed upon them that wherever Scheduled Tribe candidates are available they should be recruited and made available to the banks. The Committee will like to be apprised of the net outcome of **this** effort in wiping out the backlog in the posts reserved for Scheduled Tribes.

4.11 The Committee have a feeling that the above measure in itself may not result in wiping out completely the backlog in filling up the posts reserved for Scheduled Tribes unless and until inter-zonal recruitments are resorted to. The Committee recommend that Ministry should explore the possibility of **introducing** inter-zonal recruitment of Scheduled Tribe candidates in clerical and sub-staff cadres so that their representation in the services of the Bank comes up to the prescribed percentage. They will like to be kept apprised of the steps taken in this regard.

B. SHORTFALL IN OFFICERS CADRE

4.12 The Committee have been informed :

"Upto the year 1985, the indents which were placed in 1984 with BSRB, Baroda for officers and with other BSRBs for clerks, while indenting the recruitments of the bank, the backlog position was inadvertently not taken into account fully. The mistake has since been corrected and from the year 1985 the indents placed on the BSRBs have taken into account the backlogs also upto the maximum of 50% of the total vacancies.

(In the recruitment of Probationary Officers in the year 1986 the BSRB Baroda had provided 50 Scheduled Caste and 25 Scheduled Tribe candidates in a total recruitment of 150 officers. These officers are in the process of being appointed and with their appointment, the backlog in the category of Probationary Officers for SC will be totally wiped out and only the current reservations will remain. The backlog in Scheduled Tribe category of probationary officers will be considerably reduced. The backlog in recruitment of specialist officers will also continue.)

2. BSRBs have not been in a position to provide sufficient number of SC/ST candidates resulting in the backlogs."

4.13 During <sup>the</sup> evidence, the Committee desired to know whether the Bank of Baroda has fixed responsibility and taken action against the erring officer for not including the backlog position of Scheduled Castes/ Scheduled Tribes in the indents placed with BSRBs upto the year 1985.

The Chairman, Bank of Baroda, replied that :

"The indents were being placed by the Zonal Offices. Each one has different of backlog. I would say that lack of knowledge of the instructions could be one of the reasons which could be attributed to this. I have got the indents with me. Lucknow not added, Madras added."

ibid

proc., p.59

4.14 The Committee enquired of the representative of the Ministry of Finance <sup>about</sup> the reasons <sup>for</sup> allowing the lapse in the Bank of Baroda to continue for more than a decade and an half more so when their representative was attending the reviewing meetings <sup>every</sup> six months. The representative of the Ministry of Finance submitted as follows :-

/the Board of Directors of the bank

/implementation.

"....The Banking Division has given instructions on this...Banking Division at no stage got the opportunity to look into this side of the <sup>Every</sup> year annual reports are to be issued particularly regarding recruitment of Scheduled Castes and Scheduled Tribes. Therefore, it was stipulated that there should be a consolidated indent. The Chairman should himself certify that all these things have been taken into consideration while sending the indents. There is no doubt that in the whole restructuring of the Banking system, there have been a number of mistakes. We have not been able to bring about a uniformity. Each banking structure is different. Even in relation to the earlier question, the period between 1970 to 1978, the whole structure relating to wages was gone through by a Committee.

Proc., p. 20

I am not giving any explanation by way of giving full satisfaction. It is regrettable that omissions of this kind remained unnoticed within the system and it is only as a result of that that instructions have been given that this has to be thoroughly scrutinised by the Central Office."

4.15 <sup>Pointing out to the witness that</sup> <sup>against</sup> 1985 <sup>knowledge that</sup>

indent placed with the BSRBs, the Bank of Baroda got the <sup>for appointment</sup> list of the selected candidates <sup>as</sup> probationary officers in December, 1986 and <sup>that</sup> none of them had been appointed till September, 1987, the Committee enquired of the reasons for such an inordinate delay in giving



appointments to the selected candidates. The Chairman of the Bank of Baroda submitted that after September, 1987 majority of the selected candidates had joined the Bank. The representative of the Ministry of Finance supplemented as follows :-

"If you are raising a general question on the the actual appointment of candidates after the examinations have been conducted by the Recruitment Boards, I would only wish to explain that the concept of creation of posts in the banking system remained very nebulous over the years. They were projecting their strength on the basis of the projected business based on norms in relation to deposits, etc. or the advances which really was not a rational basis."

He further added :

"It is true that the Reserve Bank of India took up this question, and in order to discipline recruitment to the Bank, they stipulated certain norms. These norms meant that in some cases even though examinations had been held, yet the people could not be given appointments. The idea was that they must do their proper reckoning and see their real requirement."

Another reason adduced by the Chairman of the Bank of Baroda for delay in giving appointments to the selected candidates was as follows :-

"Until and unless I release the internal promotions, I cannot release the direct recruitments. Placements are not possible. This is real reason."

4.16 Asked about the number of posts reserved for promotions in 1985 the Chairman, Bank of Baroda stated that the number was 330.

4.17 When asked as to when the examination for promotions was held, the witness stated that the examination was held in 1985. When asked when were the promotions given to the persons who qualified in the test, the representative of the Bank stated that 300 were declared qualified in August, 1987 and 30 declared in November, 1987.

4.18 The Committee cannot but express their anguish ~~that~~ for nearly one and a half decades while placing the indents with the BSRBs for recruitment of officers and clerks, the Bank of Baroda did not take into account the backlog position of the vacancies. They find it all the more regrettable because the representative of the Ministry of Finance was present in all the half-yearly meetings of the Bank when the position regarding filling up of reserved vacancies was reviewed. They are not convinced by the plea of the Ministry of Finance that necessary instructions have been issued by the Banking Division in the Ministry of Finance wherein it has been stipulated that there should be a consolidated indent. The Committee feel that all along the Ministry presumed that in the annual returns forwarded to them the backlog of all vacancies had been taken care of by the Bank without ascertaining whether this had actually been done. The Ministry ought to have checked up whether their instructions were complied with or not through their own independent mechanism. The Committee recommend that the Ministry should devise ways and means to <sup>check</sup> that all instructions issued by them are complied with by the Banks.

4.19 The Committee note that against the indent placed in 1985, the BSRB, Baroda forwarded the list of selected 50 Scheduled Caste and 25 Scheduled Tribe candidates to the Bank of Baroda in December, 1986 and till September, 1987 <sup>i.e</sup> / .

for about nine months no Scheduled Caste/Scheduled Tribe candidate has been given appointment by the Bank. The reason for this inordinate delay has been stated to be the lack of knowledge of the exact requirement of candidates on the part of the Bank. According to the Ministry of Finance, the banks are projecting their strength on the basis of the projected business based on norms in relation the deposit etc. or the advances which is really not a rational basis and keeping this in view the Reserve Bank has laid down that even though the examinations for recruitment have been <sup>held</sup> the appointments can be given <sup>only</sup> after the banks process their real requirement with the result that delay is likely to intervene between the holding of the examination and giving of the appointments to the selected candidates. The Committee recommend that instead of basing their requirement on hypothetical or imaginary basis, the banks should make a realistic assessment of their requirements and only thereafter place the indents with the DSRBs so that wasteful expenditure and unnecessary inconveniences are avoided.

4.20 Another reason for delay in issuing of appointment letters put forth by the Bank is that without deciding internal promotions, the appointment letters to the recruits cannot be given with the result that lot of delay occurs in giving appointments to the candidates selected by the BSRB. The Committee recommend the whole exercise regarding the number of persons to be promoted internally and thereafter determining the number of candidates to be taken through direct recruitments should be done by the banks well before the placing of the indents to the BSRBs.

C. SUB-STAFF RECRUITMENT

4.21 In regard to the recruitment of sub-staff it has been stated that normally, the Bank has been able to get sufficient Scheduled Caste candidates in most of the States. However, it has not been able to get sufficient number of Scheduled Tribe candidates.

4.22 During evidence, the Committee asked whether the Director of Social Welfare of the concerned area was approached to getting the <sup>required number of</sup> Scheduled Tribe candidates. In a subsequent written note, the Committee was informed as under :-

"No Sir. However, it has now been noted for all future recruitments where SC/ST candidates are required, the Director of Social Welfare of the concerned State will invariably be approached."

4.23 Some of the reasons for shortage of Scheduled Tribes for recruitment have been stated to be as under :-

- i) Lack of mobility
- ii) Un-willingness to take up job
- iii) Inadequate educational qualifications
- iv) Limited or no expansion of branch net work in tribal areas. Thus, limited demand arises for recruitment in tribal areas."

4.24 The Committee recommend that for all future recruitments where Scheduled Caste/Scheduled Tribe candidates are likely to be recruited, the authorities of the Bank of Baroda should always approach the Director of Social Welfare of the concerned State for getting the required number of suitable Scheduled Caste/Scheduled Tribe candidates so that all the reserved posts are duly filled.

One of the reasons for shortage of Scheduled Tribes in recruitments has been stated to be the non-expansion of Branch network in tribal areas. The Committee recommend that while opening new Branches, the Bank of Baroda should give some preference to tribal areas so that more employment opportunities are available to the Scheduled Tribes of those areas.

D. NUMBER OF VACANCIES OF SCs/STs OCCURRED AND NUMBER OF CANDIDATES JOINED

4.25 As regards the number of vacancies of Scheduled Castes and Scheduled Tribes occurred and the number of candidates actually joined during the years 1984 to 1986 the following information has been furnished to the Committee :

Officers

	<u>1984</u>		<u>1985</u>		<u>1986</u>	
	SC	ST	SC	ST	SC	ST
* i) No. of vacancies of SCs/STs occurred.	32	18	11	6	17	7
ii) No. of candidates demanded from BSRB.	24	12	50	25	-	-
iii) No. of candidates supplied by BSRBs.	36	18	11	1	50	25
iv) No. of candidates actually joined the bank.	27	20	-	-	7	-

\* These are figures of reservations required to be made based on vacancies filled up during the year.

1984:

- a) The supply is against indent placed in 1983.
- b) 4 Scheduled Tribe candidates appointed in 1983 joined in 1984.

1985:

50 Scheduled Caste and 25 Scheduled Tribe candidates demanded in 1985 have been supplied in 1986.

1986:

Scheduled Caste candidates supplied in 1985 were appointed in 1986.



CLERKS:

*i) No. of vacancies of SCs/STs occurred.	264	132	126	100	52	28
ii) No. of candidates demanded from BSRB.	132	173	124	109	53	79
iii) No. of candidates supplied by BSRBs.	188	81	89	34	143	49
iv) No. of candidates actually joined the Bank.	211	144	141	50	95	24

\*These are the figures of reservations required to be done on vacancies filled up during the year.

1984:

- a) Indents were placed in 1984 based on reservations.
- b) Candidates supplied are against indents placed in 1983.
- c) Recruitments consist of candidates supplied in 1983 and 1984.

1985:

Candidates recruited in 1985 included some candidates supplied in 1984."

4.26 In reply to a query as to why no Scheduled Caste/Scheduled Tribe candidate joined the Bank in 1985 and why no Scheduled Tribe candidates joined in 1986 in officers cadre and the steps proposed to remedy the situation, the Committee were furnished the following written information :-

"Since BSRB, Baroda could not provide us SC/ST candidates in specialist categories of officers, no SC/ST candidates were recruited.

We had indented for supply of Scheduled Tribe candidates to BSRB, Baroda. However, they have not provided any Scheduled category candidate.

- 4.27 The following steps have been taken/are proposed to increase the representation of SC/ST in the various cadres of the Bank:
- i) Pre-recruitment and pre-promotion training is being imparted to the SC/ST candidates.
  - ii) From the year 1986 the indents for recruitments to the various cadres in the Bank will include the total backlog subject only to the condition that not more than 50% of the total posts in a particular year will be reserved.
  - iii) The educational qualifications for recruitment to clerical cadre posts for SC/ST have been relaxed.
  - iv) SC/ST candidates are being judged by relaxed standards both in written examinations as well as at the interview.
  - v) The cut off point for selection of SC/ST candidates is much lower compared to the general candidates.
  - vi) From the year 1986 the minimum qualifying marks for the interviews have been dispensed with.
  - vii) As laid down in the brochure no examination/application fee is charged from the SC/ST candidates.
  - viii) Similarly the SC/ST candidates called for interviews are paid second class railway fare to and fro.
  - ix) The age limit is also relaxed in the case of SC/ST candidates as required by the brochure.
  - x) Copies of the advertisements regarding vacancies reserved for SC/ST candidates are being circulated to the various SC/ST associations listed in the brochure.
  - xi) Advertisements relating to reservation of posts for Scheduled Tribes will also be endorsed to All India Radio Stations for broadcasting in the tribal areas.
  - xii) An SC/ST member is invariably associated with the DPCs/interview board for posts to which reservation/concession apply upto Scale III posts.
  - xiii) Interviews for SC/ST candidates are being held in separate sittings/separate days.
  - xiv) The BSRB is also being advised about the age of the backlog in the indents."

4.28        The Committee have been informed that in addition to the steps already taken, the authorities of the Bank of Baroda propose to initiate some more steps to improve the representation of Scheduled Castes and Scheduled Tribes in the services of the Bank. The Committee recommend that the proposed measures should be taken without any loss of time so that the backlog of Scheduled Castes and Scheduled Tribes in services in the Bank is wiped out early.

E. PROMOTION OF SC/ST EMPLOYEES IN CLERICAL CADRE

4.29 The following statement has been furnished to the Committee showing the total number of employees promoted and the number and percentage of Scheduled Castes and Scheduled Tribes among them in the clerical cadre during each of the last three years :-

Year	Category of posts	Total No. of employees promoted.	Number of		Percentage		Shortfall		Remarks
			SC	ST	SC	ST	SC	ST	
1984	Clerical to Officers	363	83	12	22.86%	3.30%	-	155	-
1985	"	363	124	3	34.15%	0.82%	-	104	-
1986	"	-	-	-	-	-	-	104	No promotions were made in 1986.

4.30 In reply to a query as to why no promotions were made in the clerical cadre in the Bank during the year 1986 and the reasons for the low percentage of Scheduled Tribes promoted during the years 1984 and 1985, the Committee were furnished the following written information :-

"(a) The Bank did not carry out the promotion exercise because in view of the economy instructions the posts likely to fall vacant in the feeder cadre could not be filled up and this would have left gaps vis-a-vis requirements in the feeder cadres.

(b) The low percentage of promotions of Scheduled Tribes employees is basically because of inadequate availability of such candidates who satisfy the minimum eligibility criteria in the feeder cadres."

4.31 The Committee regret that in view of economy instructions the staff in the clerical cadre of the Bank were denied promotions in 1986 on the ground that this would have left gaps vis-a-vis requirements in the feeder cadre. The Committee are of the firm view that promotions should be given to the employees whenever there are vacancies in the higher cadre and for which eligible candidates are available in the feeder cadres.

The Committee recommend that unconvincing grounds like gaps vis-a-vis requirement in feeder cadre should not deter the Bank authorities to give due promotions to the staff in future.

F. BANK ON RECRUITMENT

4.32 The Committee have been informed :

"In view of the economy instructions of the Government, the Bank decided in 1986 to curtail the indents placed on various BSRBs in 1985 for recruitment of staff except in the case of officers. Hence indents for the special recruitment of staff in the year 1986 could not be placed on the BSRBs.

In so far as recruitment to officers cadre of the Bank is concerned, indent for 150 officers was placed on BSRB (Baroda) in 1985 with the stipulation that 50 Scheduled<sup>caste</sup> and 25 Scheduled Tribe candidates be supplied. The BSRB has supplied the requisite number of Scheduled Caste and Scheduled Tribe candidates on 31st December, 1986.

It has already been decided by the Bank that in all future recruitments at least 50% of candidates from Scheduled Caste and Scheduled Tribe will be indented and to that extent, if made available by the BSRB, will be appointed."

4.33 During the evidence, the Committee enquired of the witness about the reasons to curtail the indents placed on BSRBs in 1985 for recruitment of staff except in the case of officers. The Chairman of the Bank of Baroda replied :

"In the year 1985, recruitment was made to the clerical staff. The persons recruited were: 833 general candidates, 141 Scheduled Caste and 50 Scheduled Tribe. We had made some improvement but the backlog is not wiped out."

4.34 When asked whether the economy instructions of the Government applied to the recruitment of clerical staff only and not to the recruitment of officers, the witness stated :-

".....about economy instructions of the Government, it covered all the cadres, including clerical staff. We did recruit 80 officers in 1985. For this, the indents were placed much earlier. 25% of the recruitment of the officers cadre is allowed from outsiders and 75% from the line promotions. If we had not done that recruitment, then we would have lost that quota of outside recruitment. Incidentally, by virtue of that right only, we would improve the Scheduled Caste/Scheduled Tribe position."

4.35 When asked as to why, in spite of economy instructions of the Government, a limited recruitment of staff in cadres other than officers cadre could not be made in 1986 to wipe out the backlog as had once been done by UP BSRB to clear the backlog of Scheduled Castes/Scheduled Tribes, the representative of the Ministry of Finance stated :-

"We had advised the banks to ask for officers and clerks. As you have said, the UP BSRB and some other banks have organised special recruitment tests. Bank of Baroda has not really done so far. They are going to ask for a special recruitment next year."

4.36 When asked why no special recruitment had been done so far by the Bank of Baroda, the Chairman of the Bank submitted that this should have been done earlier but because no attention was paid to this aspect, it had not been done so far.

4.37 In reply to a query from the Committee as to when the attention of the Bank was drawn to this aspect, the witness replied that it came to the knowledge of the Bank when the Study Group of the Committee visited Jaipur in 1987.

4.38 As regards the continuance of the ban on recruitment the representative of the Ministry of Finance clarified the position as follows :-

"In the years 1985 and 1986 (part), there was a general ban on recruitment. In 1987, there is no ban. But there is another decision of the Government that no bank shall increase its staff by more than 1.5% of what the position of the staff was on the last day of 1986."

4.39 Pointing out that the preliminary material furnished to the Committee in July, 1987 by the Bank <sup>to</sup> gave <sub>an</sub> impression that the ban was continuing even in 1987, the Committee enquired of the witness as to how it was that the bank authorities did not know the real position in the matter. The representative of the Ministry of Finance stated that "it is a news to me. This has been explained to all the banks by the Reserve Bank Governor." The Chairman of the Bank of Baroda submitted that it was an omission on their part.



4.40 The Committee regret to note that the Bank of Baroda has not conducted any special recruitment confined to Scheduled Castes/Scheduled Tribes only so far to wipe out the backlog in the reserved vacancies because no attention to this aspect was paid by the Bank authorities till it was brought to their notice by a Study Group of the Committee in July, 1987 while on tour to Jaipur. The Committee recommend that the Bank should conduct such a special recruitment during the current year as assured by the representative of the Ministry of Finance during the evidence.

4.41 The Committee regret that the Preliminary Material furnished to them by the Bank of Baroda did not reflect the true position about the lifting of the economy ban in 1987 as communicated to it by the Reserve Bank of India. The Committee expect that while furnishing any information to the Parliamentary Committees, the concerned authorities should exercise due caution and care so that the correct factual position is reflected therein.

PRE-RECRUITMENT AND PRE-PROMOTION TRAINING

(i) Pre-recruitment Training:

4.42 It has been stated :

"It is also proposed to impart pre-recruitment training to the SC/ST candidates appearing for examination for the recruitment in the officer's cadre.

Pre-recruitment training has been imparted, to SC/ST candidates appearing for clerical recruitment, at Ahmedabad, Calcutta, Chandigarh, Baroda, Bombay, Valsad, Bhopal, Bangalore, Coimbatore, Gauhati, Hyderabad, Indore, Jaipur, Madras, etc."

During the evidence, when asked about the number of candidates given pre-recruitment training for recruitment to clerical cadre in the Bank, the witness replied :-

Since "We have conducted 111 training programmes for recruitment in clerical cadre/1979 giving training to 4525 candidates."

4.43 When asked about the number of candidates selected out of the candidates imparted pre-recruitment training, the witness replied that he did not know the exact position because the BSRB were looking after the selection process. When asked as to how the usefulness of the training was assessed the witness replied :-

"We give training as a routine. The effectiveness of the programme is known when they are selected and give the information that they were in the training programme."

4.44 When asked whether any feed-back of the training imparted and the number of candidates selected on its basis was obtained by the Ministry of Finance to assess whether it was result oriented or not, the representative of the Ministry of Finance stated that "we will get the feed-back."

(ii) Pre-promotion Training:

4.45 During evidence, the Committee enquired of the witness about the number of Scheduled Caste/Scheduled Tribe employees given pre-promotional training and the number out of them ~~actually~~ promoted on the basis of the training. The witness replied :-

"All in-service training is not for promotional purpose. It is our routine training for preparing employees in different functional areas and management areas."

The witness continued :-

"We have conducted 368 courses and 7088 people have been trained since 1978 in pre-promotion courses. In 1986, out of a total of 1761 trained, 139 received pre-promotion training."

4.46 Pursuing the matter further the Committee asked the witness to indicate the number of Scheduled Caste/Scheduled Tribe candidates who ~~actually~~ got the promotion on the basis of the training. The witness submitted:-

"All the Scheduled Caste and Scheduled Tribe employees who are eligible to get the training, participate in the training programme."

The representative of the Ministry of Finance, thereafter, submitted :-

"Programme must be more related to the actual promotional need and it should be result-oriented. Only then can we increase the success rate. It should be an objective and result oriented programme. We should also verify as to what extent that objective has been fulfilled. Some sample survey would be done in this regard."

4.47 When asked about the duration of the pre-promotion training for different cadres, the Chairman of the Bank stated as follows :-

"It is six days for pre-promotion, from clerical to officers' cadre, Scale II to Scale III - 2 days; scale I to scale 2 -6 days excluding journey time."

4.48 Subsequently the following written information giving statistics of the Scheduled Caste/Scheduled Tribe employees given pre-promotion training in different cadres during the years 1984 to 1987 and the number out of them promoted were furnished to the

Committee :-

Exercise for promotion from	1984				1985				1986				1987				
	Tra-ined		Promo-ted		Tra-ined		Pro-moted		Tra-ined		Pro-moted		Tra-ined		Promo-ted		
	SC	ST	SC	ST	SC	ST	SC	ST	SC	ST	SC	ST	SC	ST	SC	ST	
Sub-staff to clerical cadre	56	8	26	5	51	16	14	8	No promotion					81	24	30	6
Clerical to officers' cadre	1441	253	203	28	1013	95	124	3	-do-					1200	120	91	9
MMGS-I to MMGS-II	25	-	5	-	80	1	42	5	---					---			
MMGS-II to MMGS-III.	--	-	--	-	--	--	--	--	---					1	1	1	1"

4.49 The Committee recommend that the proposal to impart pre-recruitment training to Scheduled Caste/Scheduled Tribe candidates appearing in examinations for the recruitment to the officers cadre in the Bank as intimated to the Committee may be implemented at the earliest.

4.50 The Committee note that at present there is no mechanism with the bank to assess the usefulness or otherwise of the pre-pre-recruitment training imparted to Scheduled Caste/Scheduled Tribe candidates for appearing in the examinations conducted by the BSRBs, for recruitment to the clerical cadre. The Committee recommend that a proper system should be evolved to assess the impact and the extent to which the pre-recruitment training has helped the Scheduled Caste/Scheduled Tribe candidates in getting recruited to the clerical cadre as assured by the representative of the Ministry of Finance during evidence. In the light of such assessment further steps could be taken to make the training further result oriented and if need be, to extend its duration.

4.51 The Committee note that during 1984 to 1987 (i) out of 236 Scheduled Caste/Scheduled Tribe sub-staff workers given training only 29 could get promotion to clerical cadre; (ii) out of 4122 Scheduled Caste/Scheduled Tribe candidates given training in the clerical cadre only 318 could get promotion to the officers cadre; (iii) out of 106 Scheduled Caste/Scheduled Tribe officers given

training for promotion from JMGS-I to MMGS-II Grade only 52 could get promotion and (iv) out of 5 Scheduled Caste/Scheduled Tribe candidates given training for promotion from MMGS' II to MMGS III, only 2<sup>could</sup> get promoted. The above figures show that the pre-promotion training given to the SC/ST employees in the Bank has not achieved to the fullest extent the objective and the purpose for which it was initiated because in reality it has helped rather a small number of Scheduled Caste/Scheduled Tribe employees to get promotions. The Committee recommend that the content and the quality of the training and its duration should be improved and extended so that it may help the Scheduled Caste/Scheduled Tribe employees in the real sense to get promotions in the Bank.

CHAPTER - V

CREDIT FACILITIES

A. ORGANISATIONAL SET UP IN THE MINISTRY OF FINANCE TO REVIEW CREDIT FACILITIES TO SCs/STs

5.1 In the written information furnished to the Committee  
/ it has been stated, "The

"A separate Cell for monitoring the flow of credit to persons belonging to Scheduled Castes and Scheduled Tribes was set up in the Banking Division (Deptt. of Economic Affairs). Presently the Cell comprises/ of one Assistant and one L.D.C. The Cell functions directly under a Research Officer, who is incharge of Economic and Statistical Analysis Section."

5.2 During the evidence, the Committee drew the attention of the witness to the fact that the same information was furnished by the Ministry in 1986 when the Committee examined the Credit facilities provided to Scheduled Castes/Scheduled Tribes by the UCO Bank, and to their recommendation contained in para 5.15 of their 24th Report, which reads as under:-

"The Committee recommend that the strength of the Cell should be immediately reviewed keeping in view the volume of work and it should be placed under an independent senior officer posted exclusively for the work of this Cell."

5.3 Further drawing the attention to the action taken note dated 3 August, 1987, of the Ministry of Finance wherein it had been stated that "the suggestion to augment the staff strength of the credit cell is being examined," the Committee enquired of the witness the outcome of examination and whether the staff strength of the Cell had been augmented and a senior officer assigned exclusively the work of the Cell, the Finance Secretary replied :

"We take note of your suggestion. We will see that with the suitable deployment of people, we will be able to put a senior officer of the rank of a Deputy Secretary in direct charge of this. I have already discussed it with my colleagues. At present the Chairman's concern is that there is a lower level functionary looking into this matter. We will see that one of the senior officers of a Deputy Secretary's rank will devote most of his time to the matters relating to the welfare of SC and ST employees. We will also alert all the Joint Secretaries in this respect. Within a month or so we will ensure the proper deployment of officers."

The position was further clarified by the Ministry of Finance through a subsequent written note as follows :-

While the suggestion to augment the staff strength of the Scheduled Caste/Scheduled Tribe Credit Cell in the Banking Division for monitoring the flow of credit to Scheduled Castes/Scheduled Tribes and weaker sections was under examination, the whole question of creating new posts/addition to the staff strength has been reviewed by the Government/ Ministry of Finance in the context of the severe drought conditions prevalent in the country this year.

It may, however, be noted that even now the work of the credit cell is being closely supervised/ monitored by a number of senior officers of the Banking Division. Further, the Committee was assured by the Finance Secretary/ Deputy Secretary that within a month a senior officer of the rank of [in] would be designated for this purpose."



5.4 The Committee were assured during evidence that the staff strength of the credit cell was being augmented and put under the charge of a senior officer. The Committee hope that by now the staff strength of the Credit Cell must have been augmented and a senior officer in the rank of Deputy Secretary deputed to look after the matters relating to the welfare of SC/ST employees and the work of the credit cell exclusively as assured by the Finance Secretary during evidence. The Committee will like to be apprised of the latest position in this regard.

B. CREDIT FACILITIES TO SCHEDULED CASTES/  
SCHEDULED TRIBES

5.5 The Committee have <sup>been informed</sup> / that "the separate Cell for Scheduled Castes and Scheduled Tribes set up in the Banking Division periodically reviews the flow of credit to Scheduled Castes/Scheduled Tribes by the Public Sector Banks with a view to monitoring the smooth flow of credit accruing to them within the framework of guidelines issued by the RBI from time to time for achieving targets laid down for lending Priority Sector and the Weaker Sections..."

5.6 Asked about the periodicity of review of flow of credit to Scheduled Castes/Scheduled Tribes by the Credit Cell in the Banking Division and when such review of bank of Baroda was last made and the outcome thereof, the Committee were informed by the Ministry through a written note as follows :-

"Banking Division reviews the flow of credit to Scheduled Caste/Scheduled Tribes by the Credit Cell after every six months (December- June). On the basis of December 1986 data, performance of each of 28 Public Sector Banks was last reviewed in July, 1987. All Banks including Bank of Baroda showed considerable improvement in providing credit facilities to Scheduled Caste/Scheduled Tribes"

5.7 During the evidence, / the Committee pointed out to the representatives of the Ministry of Finance that the Reserve Bank of India had given instructions to all the Banks to sanction 100% loans to Scheduled Castes/Scheduled Tribes for getting L.P.G. Agencies and that even

after a long period of 6 years no Scheduled Caste/  
Scheduled Tribe had been given any loan<sub>for the purpose</sub>. When  
asked about the reason therefor, the Additional  
Secretary, Ministry of Finance submitted :-

"Actually for business<sup>purposes</sup>/loans are given by  
banks but it also needs a certain margin input.  
What the hon. Member is suggesting that this  
advance should be given without any margin.  
I will not be able to answer the details  
readily at this juncture but we shall look  
into it in greater detail. Normally without  
the margin input it is somewhat difficult  
because the requirement would be more than  
Rs.5000/-. We have done away the margin  
upto the limit of Rs.5000/-."

To a suggestion of the Committee that a  
Scheduled Caste/Scheduled Tribe who had been allotted  
a gas agency or a petrol pump should be given liberal  
financial assistance otherwise he would be forced to  
mortgage<sup>the</sup>/assets created, the witness reacted  
as follows :-

"The margin requirements are prescribed in  
consultation with the Reserve Bank of India.  
We are looking into the whole question as to  
how to liberalise the flow of funds to the  
SC/ST persons."

5.9 When asked as to why in spite of R.B.I.  
instructions there <sup>were</sup> always inordinate delays  
in the sanction of loans to Scheduled Castes/  
Scheduled Tribes for LPG agencies and petrol pumps,  
the witness submitted that before sanctioning  
business loans, the capital requirement, the feasibility  
of the project and the capacity for repayment etc. had  
to be assessed and this naturally took some time.

5.10 The Committee pointed out that there had been instances where such a loan was not sanctioned even after a period of four years after the submission of the loan application by an Scheduled Caste/Scheduled Tribe <sup>persons</sup>. Further more <sup>it</sup> was pointed out that in addition to financial assistance the Scheduled Castes/Scheduled Tribe <sup>persons</sup> required to be trained as to how to handle the business.

The Secretary, Ministry of Finance responded as follows :-

"About the decision of giving the licences/permits by the two Ministries of Petroleum and Natural Gas and the Chemicals Ministry, I think what we can do is that we can have a coordinating meeting to see that not only credit is made available but also to persuade them to give them entrepreneurial training. We will talk to the Chairman, RBI or somebody from there. This will take two to three months. I think it is important to keep the responsibility properly focussed on the IOC. It is they who will deal with them from day to day."

5.11 As regards the delay in sanction of loans to Scheduled Castes/Scheduled Tribes, the witness stated:

"We will have a meeting with the concerned people and try to solve the problem."

Expressing their anguish that proper loan facilities were not available to Scheduled Castes/Scheduled Tribes living in remote areas inspite of the RBI's guidelines, the IRDP Scheme coverage and the implementation of <sup>Special</sup> Component and Tribal Sub-Plans, the Committee enquired of the witness the

remedial measures proposed to be taken in this regard.

The Finance Secretary replied :-

"It is an important question. I think, the branches have to expand to reach these places. Branch expansion has been controlled because of the losses of banks and the fact that many banks do not have enough business.

I think the question of taking the business to the Scheduled Caste and Scheduled Tribe people in the remote areas has to be handled separately. It has not been handled so far in that manner because there is a concentration on reaching the priority target of 40 per cent. For reaching the poorer people, who are far away, this has to be a special target for the Banking Division. We will request the RBI. In these remote areas, we will have to mobilise facilities. But exactly I do not have answer just today. We will discuss with the Chairman about those areas where Scheduled Caste/Scheduled Tribe people are under-served by branches. We will have to see a special method.

Now about separate targets. As it is, there has not been a separate target for SC/ST within the priority advances. In order to reach the goal for agriculture, industry and various plan guidelines, certain amount has been set apart for 40 per cent. In order to reach those goals, we have to give the money to the weaker sections as far as possible. But I do appreciate the concern that you have that there has been no separate target for Scheduled Caste/Scheduled Tribe. I think, individual banks have target in respect of PRI and other schemes. But for the whole programme for bank lending, we will try to evolve indicative targets for each bank for the SC/ST and tell them that not only they should reach priority goal but they should also reach the SC/ST target. I agree that SC/ST target may not be getting reached now. Even then, we must set a target. Now it is 6 to 9 per cent. We must reach 10 per cent. This is the target which Bank of Baroda have achieved. Many other banks have not achieved. We will talk to the RBI and to the concerned Ministry and see that a separate target indicatively is evolved."

5.12 Asked about the reasons of consulting RBI when the matter was a policy matter to be decided by the Ministry of Finance, the witness replied:

"Always in matters of monetary and fiscal policy, RBI is to be consulted. I have given you the policy decision as far as we are concerned. We will definitely have an indicative target."

The witness continued :

"We have now got a target for the total lending. We will indicate targets to the banks also in consultation with RBI."

5.13 As regards the opening of new bank branches, the witness submitted :-

"Even with regard to our branch expansion policy, earlier it used to be on the basis of population. Now a spotal indicator has also been put that there will be a bank within every 10 kms of each place. Now, we are identifying remote areas in which facilities are not available. In certain north-eastern region, RBI has taken a view that we should also encourage mobile banking if the distances are too large, so that we can reach people in the remote areas."

5.14 On a suggestion of the Committee that Scheduled Castes/Scheduled Tribes may be given loans under DRI at 4 per cent rate of interest as in the case of weaker sections, the Additional Secretary, Ministry of Finance stated as under :

"Targets have been laid down for SC/ST. The Bank of Baroda has also made a provision for DRI target to SC/ST. Likewise, under IRDE again, the emphasis is on the weaker sections - the weakest of the weak. In certain schemes, we have provided 30% target for SC/ST. Wherever schemes are identified for the weaker sections, the targetisation has also been done."

Proc  
p.8

5.15 The Committee note that loans for starting business like LPG agencies and petrol pumps are unduly delayed in the case of SC/ST applicants because of the margin money requirement as prescribed at present by the Ministry of Finance in consultation with the Reserve Bank of India and due to certain other formalities like the total assessment of capital requirement, the feasibility of the project and the capacity of the loanee for repayment. The Committee have been assured by the Finance Secretary during evidence that the Ministry are looking into the whole question as to how to liberalise the flow of funds to SC/ST persons. The Committee recommend that a decision in the matter may be taken early so that the flow of credit to SC/ST persons is liberalised without any further delay. The Committee would like to be apprised of the decision taken in the matter.

5.16 The Committee also recommend that as assured by the Finance Secretary during evidence a systematic procedure should be evolved so that the formalities like assessment of the capital requirement, the feasibility of the project and the capacity of the loanee for repayment are completed within a reasonable time and sanction of the loans to SCs/STs are not unduly delayed.

5.17 The Committee recommend that as assured by the Finance Secretary during evidence, the Ministry of Finance may mobilise facilities by opening new Branches in the



remote areas so that the credit facilities are made available to the Scheduled Caste/Scheduled Tribe persons living in those areas. They feel that with the provision of the spatial indicator that there will be a bank within every 10 kilometres of each place and the setting up of mobile banking facilities in remote areas, it should not be difficult for the banks to open more branches and to provide better credit facilities in those areas to mitigate the difficulties of Scheduled Caste/Scheduled Tribe persons in getting loans.

5.18 The Committee note that in the priority sector a target of 40 per cent has been fixed for the sanction of loans to weaker sections but no separate targets for Scheduled Castes/Scheduled Tribes have been fixed therein. However, individual banks have target in respect of DRI and other schemes. The Committee have <sup>been</sup> assured by the Finance Secretary that "for the whole programme for bank lending, we will try to evolve indicative targets for each bank for the Scheduled Castes/Scheduled Tribes and tell them that not only they should reach <sup>priority</sup> goal but they should also reach the Scheduled Caste/Scheduled Tribe target." According to the Finance Secretary, at present, the target for Scheduled Castes/Scheduled Tribes under priority sector is normally 6 to 9 per cent varying from bank to bank. He has assured that "we must reach 10 per cent." The Committee recommend that the steps mentioned by the Finance Secretary during the evidence should be implemented forthwith so that the Scheduled Castes/Scheduled Tribes do not have to suffer on account of the non-availability of the loans.

C. PERFORMANCE OF BANK OF BARODA IN PROVIDING CREDIT UNDER VARIOUS SCHEMES

Page 3  
Pre Met

5.18 The Bank of Baroda's performance <sup>in providing loans</sup> under various schemes/programme during 1986-87 has been stated to be as follows:-

Schemes	No. of applications received	No. of applications sanctioned.	Loans disbursed No.	(Amount) (In lakhs)
IRDP	125728	105625	102267	2940.00
Self Employment to Educated Unemployed Youths.	12788	7871	4364	681.00
Self Employment Programme for Urban Poor	23038	14559	13228	397.00

5.19 Drawing attention of the witness to the fact that out of 125728 applications received for loans under IRDP, the number of applications sanctioned was 105625, the Committee enquired of the witness the reasons for the rejection of the remaining applications. The Chairman, Bank of Baroda replied:-

"The scheme indicated in some of the applications may not be viable. Secondly, the loan assets which the applicants want to acquire, may not be available immediately. Thirdly, the applicants may be outside the command area of the Branch."

Page 3  
Pre Met

5.20 The Committee pointed to the witness <sup>that</sup> / loan applications under IRDP were routed through development agencies who provided the subsidy element, and asked the witness reasons for rejection of such a large number of applications. The witness responded:-

"There may be applications from other categories also. We do have a look at each and every proposal, although the applications come from the developmental agencies. For example, everybody wants to go in for a milch cattle; that number may not be available."

5.21 When pointed that it was for the development agencies to provide the loan assets, the witness replied:-

"They have to organise a <sup>cattle</sup> / Camp and there sufficient number of milch cattle should be there."

The witness added:-

"Some applications which are received might have been disposed of within the fortnight of the closing date but my point which I still insist on is that there are cases where a particular activity has already been over-financed and DRDA is still sending their applications. In such a case the managers do not entertain such applications."

5.22 When the Committee pointed out to the witness that the Banks <sup>were</sup> also a party to the DRDAs and hence <sup>were</sup> in the know of the target fixed for each branch, the number of applications to be sponsored and so on, then how could it be that the Development Agency continued to forward applications even after the targets had been achieved. The representatives of the Ministry of Finance submitted:-

"Here they have not given the item of rejection. They have only said that so many applications are received and some of the applications in the intervening period must have been sanctioned."

5.23 When asked whether the Committee could take it that all the pending applications would be sanctioned, the Chairman of the Bank of Baroda replied as follows:-

" the fact is that all applications which are being recommended by the DRDA need not be sanctioned by a Branch."

The representative of the Ministry of Finance further elucidated:-

"The DRDA forwards the application. Procedurally, it is pointed out to them that if there is any rejection of an application relating to SC/ST, then the rejection will not be at the level of the Branch Manager but one step higher. It will have to be scrutinised and seen."

5.24 When asked whether the pending applications for loans under IRDP have been rejected, the witness replied that "they are not rejected they might be pending."

The Finance Secretary further clarified the position as follows:-

"If the proposals have been jointly cleared by the bank and the D.D., they have to be sanctioned. There is no question. I will repeat once again. When the proposals are jointly cleared by an agency in which the banks are represented there can be no question of rejection."

5.25 When asked as to why loans were disbursed to 4364 persons only out of a total number of 7871<sup>applicable</sup> sanctioned under the SEEO scheme, the Chairman of the Bank<sup>of Baroda</sup> replied as follows:-

"The question is some people might not turn up after their loan is sanctioned. Suppose, somebody promises to take up a shop and wants to establish a business, the shop may not be available. This is one instance."

5.26 Pursuing the matter further the Committee pointed out to the witness that loans have not been disbursed to 45 percent of the persons sanctioned loans<sup>under the scheme</sup> and enquired about the reasons therefor.

5.27 When also asked about the reasons for sanctioning of 14559 applications out of 23038 applications received<sup>under SEPUP</sup> and the reasons therefor, the Committee were informed through<sup>a</sup> subsequent note of the following reasons for non-disbursement of loans to all persons sanctioned loans/non-sanction of applications under the two schemes:-

- " 1) Non-compliance with eligibility criteria.
- ii) Applicants were already defaulters to other financial institutions.
- iii) Economic activity selected not technically feasible and economically viable.

Delay in getting or in purchase of assets with loan amounts."

5.28 When asked whether the ceiling of Rs. 5000 as a loan under SEPUP was sufficient, the Chairman of the Bank of Baroda replied that the scheme was to augment their income and make further savings.

5.29 When the Committee enquired of the witness whether the figures of loans disbursed included the element of subsidy also or not, the witness submitted that in the case of IRDP the amount of subsidy was not included in the figures of amounts of loans given as the subsidy was adjusted prior to the sanctioning of loans. But in the amount of loan sanctioned under SEUJY and SEPUP the amount of subsidy was shown in the figures of the loans given by the Bank because the element of the subsidy was adjusted at the end. The Committee pointed out to the witness that this amounted to indicating inflated figures of loans under these two schemes by the banks.

5.30 When asked to give a rough estimate of number of SC/ST applicants whose applications were either not sanctioned or sanctioned but loans not disbursed and the details of the amount sanctioned to SC/ST applicants, the representative of the Ministry replied that "our figures did not reflect credit which had gone to SC/ST areas. If we have an indicative target, then something has to be brought into the reporting system to take care of that."

5.31 The Committee have been informed that proposals for IRDP loans are cleared jointly by the Bank and IRDA when targets are fixed. In the context of smaller number of applications for such loans being sanctioned out of the total number of applications received, the Finance Secretary clarified that if the proposals had been jointly cleared by the Bank and IRDA, they had to be sanctioned. The Committee recommend that in the light of clarification given by the Finance Secretary, out of the pending applications, all applications which have been sponsored by the DRDAs where <sup>banks</sup> are represented should be cleared by the Bank forthwith. The Committee feel that even if the applications have been sponsored by DRDAs alone, the loan applications should not be rejected on the ground of non-availability of loan assets as the onus of providing such assets lies on the sponsoring development agency.

5.32 The Committee recommend that the ceiling of Rs.5000 as loan under the SEPUP is too low keeping in view the continuous increase in prices. The Committee recommend that the ceiling should be suitably enhanced.

5.33 The Committee note that in the figures of loans giving under SEEUY and SEPUP the amount of subsidy is also included <sup>whereas in the loans given under IRDP it is exclude</sup>. The plea put forward by the Ministry is that in the case of IRDP the amount of subsidy is adjuste.

at the time of sanction of loan whereas the amount of subsidy under the other two schemes is adjusted at the end.

In the opinion of the Committee this pattern of reporting of loans given under the two schemes i.e. SEEUY and SEPUP, the amounts of loans given are inflated and do not reflect the true position. The Committee recommend that some indication should be given in the figures of loans sanctioned under these two schemes by the Banks to indicate the amount of subsidy also even if it is to be adjusted at the end.

5.34 The Committee have been informed that in the absence of any indicative targets, the figures of loans sanctioned under various schemes do not reflect the SC/ST areas. The Committee recommend that the reporting system should be suitably modified to indicate specifically the amount of credit extended to the SCs/STs separately under various poverty alleviation schemes.



D. OPENING OF BRANCHES OF THE BANK OF BARODA

5.35 From the <sup>information about</sup> classification of the Branches of the Bank of Baroda furnished to them

the Committee observe that there is an alarming imbalance in the location of these branches.

During the evidence, the Committee enquired of the Chairman Bank of Baroda the reason for concentration of the Branches of the Bank in Gujarat and Uttar Pradesh <sup>only</sup>. The witness replied :

"This is as per the policy of the RBI. Wherever we get a licence, we open a branch. We are trying our best to extend it in other areas also."

In a subsequent note furnished to the Committee by the Ministry it has been stated as under :

"As per the Branch expansion policy finalised by Reserve Bank of India for the period 1985-1990, the branch bank office will be opened within a distance of 10 Kms. and covering a population of 17000. The coverage of population for tribal areas has been reduced to 10,000. Bank of Baroda has been allotted licences to open 150 branches in unbankable areas during the period 1987 to 1990. Of which 55 branches are to be opened in 1987. 45 branches have been already opened.

Bank of Baroda has a lead Bank role in 7 districts of Gujarat, 10 districts of Rajasthan, 13 districts in U.P. and 1 district in M.P. and, therefore, as per the branch expansion policy of RBI, a large number of branches have been opened in these states and in other states, Banks having lead bank role have larger number of branches. Bank of Baroda has opened branches in areas in our lead districts in which SC/ST concentration is present.

5.37 The Committee regret to note that out of 55 branches allotted to it to be opened in unbankable areas during 1987, the Bank of Baroda has been able to open 45 branches till the end of that year. The Committee recommend that the Bank of Baroda should gear up its machinery so that it does not fall into arrears in opening of new branches in unbankable areas as allotted to it by the Reserve Bank of India. The Committee hope that the remaining 10 branches will be opened by the Bank of Baroda at the earliest.

**B: INCLUSION OF SCs/STs IN WEAKER SECTIONS.**

5.38 The Committee have been informed that :

"As per RBI's stipulated target, PSBs have to deploy 10 per cent of their total advances to the 'Weaker Sections' as defined by the RBI, which is inclusive of SC/ST category also."

5.39 In reply to a query as to why exclusive targets of advances to SCs/STs can-not be fixed, the Committee has been informed through <sup>written</sup> note as follows :-

"Banks have been advised to lend 10% of their aggregate credit to Weaker Section which include SC/ST borrowers."

The reasons behind not earmarking a fixed percentage share for SC/ST in Priority Sector Advances is that although credit is a key input in the programme of self-employment and creation of productive assets but credit alone is not sufficient. There is need for considerable assistance from state/district/block-level agencies in formulating viable schemes for providing timely technical assistance to the beneficiaries to ensure optimum utilisation of the funds advanced to them. The State Govts. have been advised to disaggregate the scheme for SC/ST districtwise and incorporate these in the District Credit Plans so as to facilitate the flow of banks' assistance to these sectors. State Governments have also been advised to ensure to discharge their responsibilities which consist of systematic identification of schemes and beneficiaries, provision of extension services, adequate linkages and infrastructural facilities, assistance in marketing the end product, monitoring of the implementation of schemes and arrangements for imparting training to the beneficiaries.

It is felt that the main constraint in accelerating the flow of credit to SC/ST borrowers has not been any absence of willingness on the part of the banks to undertake such lending, but lack of diversification of activities, absence of infrastructural support for supply of inputs and marketing of produce, limited skills and ability or willingness to try non-traditional avenues of occupation. If these areas of development receive concerted attention from development authorities, the flow of credit to SC/ST can be stepped up substantially. However, since the Parliamentary Committee of the view that despite the RBI's stipulated target for the weaker sections having been met by the banking industry, the flow of credit to SCs/STs needs to be further augmented through laying down some targets for share of priority sector credit deployed for SCs/STs. The Finance Secretary assured that the Reserve Bank of India would be asked to examine and advise government on evolving suitable targets which are indicative for the share of lending within the Priority Sector channelled towards SC/ST beneficiaries. This has been communicated to the Reserve Bank of India."

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5.40 The Committee find that Banks have been advised to lend 10% of their aggregate credit to weaker sections which include scheduled castes and scheduled tribes. However, no fixed percentage thereof is earmarked for SC/ST borrowers. The Committee have been informed that the Ministry of Finance have asked the Reserve Bank of India to examine and advise Government on evolving suitable targets which may be indicative of the share of lending within the priority sector channelled towards the SC/ST beneficiaries. The Committee will await the action taken by the Ministry of Finance on the advice given by the Reserve Bank in this regard.

F. DEPLOYMENT OF FUNDS UNDER DRI

5.41 The Committee have been informed that :

"Under the DRI, which was formulated with a view to making available concessional credit at the rate of 4% per annum to enable the members of vulnerable sections of society to take up small productive ventures, public sector banks were given the target of deploying 1% of their previous year's total advances towards DRI. Out of this it was also stipulated that 40% of each bank's credit deployed towards DRI scheme should be extended for SC/ST beneficiaries exclusively. The targets have been rather exceeded in case of SC/ST beneficiaries."

4.42 In reply to the following questions:

(a) When the target of deploying 1 per cent of previous year's total advances by Public Sector Banks towards DRI <sup>was</sup> fixed;

(b) In view of the changing economic conditions, <sup>whether</sup> it requires an upward revision;

(c) the norms to sanction loans to SCs/STs;

(d) Whether uniform norms have been

prescribed for the people living in plains and hilly areas for sanction of loans under the scheme;

The Committee were informed by the Ministry of Finance in writing as under :-

a) "When DRI Scheme was introduced on 3rd June, 1972, it was stipulated that 1% of total credit should be under DRI Scheme. The Govt. accepted recommendations of the working group to review DRI Scheme and raised minimum prescribed limit to 1% in November 1973.

- b) A special target of 40% of credit to SC/ST under DRI scheme was stipulated. As per date, credit to SC/ST under DRI Scheme exceeds 50%. In view of the present position, the Government considered not necessary to make upward revision. The Task Force set up in consultation with different Ministries, NABARD, RBI has also recommended to continue the present DRI Scheme in the present form. Only the income ceiling of Rs. 2000/- in rural areas and Rs. 3000/- in urban areas, has been revised to Rs. 6400/- in rural area and Rs. 7200/- in urban areas.
- c) & The norms for sanction of loans under DRI
- d) Scheme are the same to SC/ST and non SC/ST beneficiaries from plains and hilly areas.

Under DRI Scheme, under eligibility criteria land holding of SC/ST beneficiary is not considered but maximum land holding (2.5 acres unirrigated and 1 acre irrigated) has been prescribed for non SC/ST beneficiaries.

5.43 The Committee note that the norm regarding deployment of 1 per cent of the previous years total advances of the banks towards DRI was fixed in November, 1978. The Committee feel that since more than 10 years have intervened since the norm was last revised, the matter requires a fresh look so that the norm is suitably upgraded in view of the changing social conditions in the country. The Committee recommend that such an exercise should be undertaken by the Ministry of Finance at the earliest and its outcome/communicated to the Committee.

5.44 The Committee are of the opinion that the present norm of the eligibility of family income under DRI Scheme of Rs.7200 and Rs.6400 per annum in the towns and villages respectively for getting loans also needs upward revision. The Committee recommend that along with the examination of the need for enhancement of the loan limit under the scheme the norm of family income should also be reviewed by the Ministry and suitably upgraded. A report in this regard may be submitted to the Committee at the earliest.



G. D.R.I. SCHEME

5.45 The Committee have been informed that :

"Under the Differential Rate of Interest Scheme, the applicants may approach the bank's Branch Manager/Officer directly, who would enquire about the family income which should not exceed Rs.7200/- in the towns and Rs.6400/- in the villages and also that he/or she is genuinely engaged/entrusted in the economic activity for which assistance is sought, and has not already borrowed from any other institution or is in receipt of subsidy from any source."

5.46 During the evidence the Committee enquired of the evidence the witness when the limit of loan was raised from Rs.3,000 to Rs.6,000 under the DRI Scheme. The witness replied that the change was made in the year 1985 and the present quantum of loan under IRI was Rs.6,500 maximum.

5.47 When asked whether the limit of loan could be raised to Rs.10,000 keeping in view the cost escalations, the Finance Secretary stated :

"The Ministry can examine it.--- It is a very serious question. It is being thought out. It has been rightly observed that the loan should be adequate enough. If we are only giving subloaning, then it neither serves the purpose of the individual nor the scheme can be implemented properly. This matter is engaging the attention of the Ministry in relation to IRDP and various other programmes."

5.48 During the evidence, the Finance Secretary has informed the Committee that the question of raising the loan limit <sup>under</sup> DRI scheme for various programmes including IRDP is engaging the attention of the Ministry of Finance. The Committee recommend that the decision in the matter may be taken expeditiously and if possible the loan limit under DRI Scheme should be enhanced to Rs.10,000 which will automatically benefit SCs/STs also. The Committee will like to be apprised of the final decision taken in the matter.

H. DECLINE IN ADVANCES UNDER DRI TO SCs/STs

5.49 The percentage of advances to Scheduled Caste<sup>S</sup>/  
Scheme  
Scheduled Tribes under DRI has been stated to decline  
from 57.31 per cent in 1985 to 55.19 per cent of the  
total advances under the scheme in 1986.

5.50 In reply to a query about the reasons for the  
decline in advances to Scheduled Castes/Scheduled Tribes  
in 1986, the Committee have been informed by the  
Ministry through a written note as follows :-

"The percentage share of advances to Scheduled  
Caste/Scheduled Tribe beneficiaries under DRI  
Scheme was as under :

	1985		1986		Sept. 1987	
	No. of A/cs.	Amt.	No. of A/cs.	Amt. (in lacs)	No. of A/cs.	Amount (in crores)
1. Total DRI Advances	2.25	25.65	2.85	30.71	2.96	32.28
2. Of total DRI Advances to SC/ST beneficiaries	1.36	14.70	1.67	16.95	1.87	20.15
3. %age of SC/ST beneficiaries to total DRI Advances	--	57.31	--	55.19	--	62.42

Percentage of SC/ST advances under DRI Schemes  
to total DRI advances was reduced by 2.1% in 1986.  
Advances to SC/ST beneficiaries has increased  
in absolute amount by 2.25 crores. The decline  
is due to increase in total DRI advances  
by Rs.5.06 crores.

By follow up action taken to increase flow of  
credit to SC/ST beneficiaries under DRI Scheme,  
percent<sub>age</sub> of SC/ST advances under DRI scheme has  
increased to 62.42%.

This is to be viewed against the stipulated  
40% target."

2.51 The Committee note that there has been a fall of 2.1% in the advances to Scheduled Castes/Scheduled Tribes in 1986 as compared to 1985 under DRI Scheme which has been ascribed to increase in total DRI advances by Rs.5.06 crores in that year. The Committee are not convinced of the reason given by the Bank authorities. They recommend that the Bank should exercise due caution and care and take all possible steps to ensure that there is no decline in DRI advances to Scheduled Castes/Scheduled Tribes in future.

I. GRANTS TO SMALL SCALE INDUSTRIES

5.52 Details of advances granted to Small Scale Industries and the share of Scheduled Caste/Scheduled Tribes/beneficiaries in the same during the last three years have been stated to be as follows :-

	<u>Rs/crs in thousands</u>					
	December 1984		December 1985		December 1986	
	A/c.	Amt.	A/c.	Amt.	A/c.	Amt.
(a) Total Adv. to SSI	47.5	363.79	58.0	416.45	62.1	473.35
(b) of which to SCs/STs	8.8	1.97	8.5	2.80	10.3	3.77
(c) % of (b) to (a)	-	0.54%	-	0.67%	-	0.79%

During the evidence, the Committee asked the witness whether the work of providing financial assistance to Scheduled Caste/Scheduled Tribe SSI Units could be assigned to some banks specially. The witness replied :

"We have some Grameen Vikas Kendras etc. which are only catering to these people."

5.54 When asked whether this work could be assigned to some separate bank branches exclusively, the Chairman, Bank of Baroda replied :

"It is good suggestion. Separate Branches can also be there."

5.55 In reply to the following queries viz :-

- (a) whether the percentage of loans given to SC/ST Small Scale Units was extremely unimpressive and if so, the reasons thereof ;
- (b) the steps, the bank proposes to take to attract more SC/ST units to come forward for loans ;
- (c) the impact of loans on SC/ST units to make them viable and self generating;

The Committee were informed as follows :

na) By and large SC/ST borrowers under Small Scale Industries have comparatively smaller outlay and therefore although accountwise their percentage to total accounts is 15% yet amountwise is only less than 1%.

b) We propose to have liaison with State SC/ST Corporations and by our own efforts more number of SC/ST beneficiaries will be extended credit facilities. Our bank has printed pamphlets on various credit facilities including SSI to SC/ST beneficiaries.

c) Some of our SC/ST borrowers have gainfully utilised loans and activities taken by them have become viable. They have become self reliant.

The details of such examples would be collected and submitted."

5.56 The Committee recommend that the work relating to providing financial assistance to Scheduled Caste/Scheduled Tribe should be entrusted to special branches of the Bank as assured by the Chairman of the Bank of Baroda during evidence.

5.57 The Committee have been informed that by having liaison with the State Scheduled Caste/Scheduled Tribe Corporations and by its own efforts the bank will extend credit facilities to more Scheduled Caste/Scheduled Tribe beneficiaries.

The Committee will like to be apprised of the end result of the efforts of the bank to extend credit to more SC/ST Corporation.

The Committee will await the details of examples where the Scheduled Castes/Scheduled Tribes borrowers have gainfully utilised the loans and activities undertaken by them have become viable.

J. SANCTION OF LOANS TO SCs/STs IN PRIORITY SECTOR

5.58 The Committee have been informed that in 1983 out of the total advances, the share of advances to priority sector was 38.69% out of which the share of Scheduled Caste<sup>s</sup>/Scheduled Tribe<sup>s</sup> was 6.15%; in 1984 out of total advances the share of advances to priority sector was 38.35% out of which the share of Scheduled Caste<sup>s</sup>/Scheduled Tribe<sup>s</sup> was 5.54%; in 1985 out of the total advances, the share of advances<sup>to</sup> priority sector was 41.28% out of which the share of SC<sup>s</sup>/STs was 5.92%; in 1986 out of <sup>the</sup>total advances, the share of priority sector was 42.33% out of which the share of SC<sup>s</sup>/STs was 6.50%.

5.59 Pointing out to the witness that whereas the total priority sector advances worked out to only Rs.10,000 per head in general category, in the case of Scheduled Castes/Scheduled Tribes it worked out to Rs.1900/- per head, the Committee asked the reasons for the low percentage of advances to Scheduled Castes/Scheduled Tribes in the priority sector. The Chairman, Bank of Baroda replied, as follows :-

"By and large loans to Scheduled Castes/Scheduled Tribes arise in areas where the activity is relatively smaller. For priority sector activities, e.g. in Rajasthan, the financial requirements of people dealing in handlooms or manufacturing leather goods are relatively very small."



5.60 Asked about the other activities for which loans were sanctioned under priority sector, the witness replied :

"There are plants, e.g. valued at Rs.55 lakhs. The total loan amount of Rs.5 crores is also given under this head."

The representative of the Ministry supplemented as follows :-

"Priority sector includes agriculture which, in turn, includes fisheries. Small operators in transport and small scale industries also come in priority sector. Actually, 16% of the total loaning goes to agriculture and another 16% to small scale industries. All these programmes are for weaker sections."

5.61 In regard to the low percentage of advances to Scheduled Castes/Scheduled Tribes in Priority Sector ; the decline in 1984 and 1985 in advances to Scheduled Castes/Scheduled Tribes in Priority Sector and the steps proposed to remedy the situation, the Committee were furnished the following written information ;

a) Targets and sub-targets under Priority Sector Advances have been achieved. So far, share of advances to Scheduled Caste/Scheduled Tribe is concerned, it is at par with the banking industry (6.9%).

b) Although, share of % Priority Sector in total advances in 1984 was marginally lower than in 1983, it has increased subsequently in 1985, 1986. Similarly, % share of advances to SC/ST beneficiaries in 1984 and further improved to 6.96% as on September, 1987.

c) We had issued guidelines to Branches/Regions to increase Priority Sector advances and advances to SC/ST beneficiaries by taking a crash programme through our GVKs and M&S."

was lower by 0.61%,  
it was informed in  
1985 over 1984

5.62 The Committee regret to note that whereas the total priority sector advances work out to Rs.10,000 per head in general category in the case of Scheduled Castes/ Scheduled Tribes it works out to Rs.1900/- per head only which in the opinion of the Committee is dismally low. The Committee recommend that the advances to Scheduled Caste/Scheduled Tribe beneficiaries in the Priority Sector should be increased by making concerted efforts by the Bank and by undertaking crash programmes through GVKs and MSAs as assured by the Chairman of the bank during evidence.

K. LOAN APPLICATIONS

5.63 It has been stated :

"As per the Reserve Bank of India guidelines, our branches are maintaining loan applications register in which it is also recorded whether the applicant belongs to SC/ST. At present, maintaining information about the disposal of the application received from SC/STs for bank as a whole may not be feasible as this information is not collected by the head offices."

5.64 During<sup>the</sup> evidence, the Committee enquired of the witness that in the absence of information about the disposal of loan applications received from the SC/ST applicant, how did the Bank monitor that the targets of loans to them had been achieved. The Chairman, Bank of Baroda replied :-

"The registers are not maintained at the head offices but at the regional level they are maintained. This is decentralised. Because these are smaller loans, so this has to be done at the regional level and the zonal level."

However, through a subsequent written note, the Committee were informed as under :-

"Information is available at branches regarding application received from SC/ST beneficiaries. At present it is being collected in respect of IRDP advances by Head Office. We propose to collect information in respect of all advances to SC/ST."

5.65 The Committee recommend that the proposal to collect information in respect of all advances to Scheduled Caste/Scheduled Tribe beneficiaries at the head office of the bank, as is done in the case of applications received from Scheduled Caste/Scheduled Tribe beneficiaries under the IRDP, may be implemented expeditiously as intimated to the Committee.

L. LOANS TO SC/ST DEVELOPMENT CORPORATIONS

5.66 The Committee have been informed that :

"RBI has directed that since the advances given to SC/ST Development Corporations are not covered under Deposit Insurance and Credit Corporation Scheme; State Government should provide guarantee for the loans."

5.67 As regards the reasons for not covering loans to SC/ST Development Corporations under Deposit Insurance and Credit Corporation Scheme, the Committee were furnished the following information :

"As per the present provisions under DICGC Scheme for small loans only individuals, group or persons, partnership firms for small loans are covered. The advances granted to limited companies, cooperative societies and corporations are excluded. The State Governments also many times give guarantee to banks who have extended credit facilities and therefore advances are not covered."

5.68 The Committee recommend that the Deposit Insurance and Credit Corporation Scheme be so amended as to cover the advances given to Scheduled Caste/Scheduled Tribe Development Corporations so that these Corporations do not have to depend on the State Governments to give guarantee for the loans.

M. RECOVERY OF LOANS IN PRIORITY SECTOR

5.69 The recovery of dues from Scheduled Caste/  
Scheduled Tribe borrowers under Priority Sector  
other than Agriculture has been shown as follows :-

Recovery of % of dues

June 1984	37
June 1985	31.8
June 1986	27"

During evidence,  
/ when pointed out that in comparison to other  
banks, the percentage of recovery of loans from the  
Scheduled Caste/Scheduled Tribe loanees in Bank of  
Baroda was very low vis-a-vis to general category,  
the Chairman, Bank of Baroda stated as under :-

"Most of the SC/ST loans are in the States  
of Rajasthan and Gujarat which are under  
severe drought conditions for the last  
three years."

5.70 Pointing out <sup>to</sup> the witness that even in Gujarat  
and Rajasthan the percentage of recovery from SC/ST  
loanees was 27 and 37 per cent respectively as against  
50 per cent recovery from general category loanees,  
the Committee enquired of the <sup>witness the</sup> reasons therefor. The  
witness replied :-

"It depends on the activity. The farmer  
has been given a loan and he had to withstand  
the situation; we have to see that."

5.71 When the Committee asked as to why the Bank was going slow in recovery of loans from SC/ST people, the Chairman Bank of Baroda stated :

"It is a universal problem in respect of almost all the banks."

5.72 When asked about the steps envisaged to improve the recovery of loans from SC/ST borrowers, the Chairman, Bank of Baroda stated that it could be done through:

"Better follow-up, better contact and better monitoring can help."

The representative of the Ministry of Finance

interjected :

"Here you have asked a question regarding reasons for the progressive decline in the percentage of recovery of dues from SC/ST borrowers. Some studies have been conducted in this regard. One of the reasons is the villages being far away from the Branch of the Bank. I think this will be required to be looked into."



5.73 The Committee recommend that an in-depth study into the problem of the recovery of loans in general and from SC/ST borrowers in particular in Priority Sector should be made by the Bank of Baroda at the earliest so that ways and means are devised to effect timely recovery of loans from borrowers including **SCs/STs**.

N. HOUSING LOANS

5.74 The Committee have been informed :

"For direct loans to Scheduled Castes and Scheduled Tribes, economically weaker sections and low income groups, banks may provide housing finance upto 90% of the total cost, provided the loan amount does not exceed Rs.5000/-."

5.75 Drawing attention to their earlier recommendations wherein the Committee had consistently recommend<sup>ed</sup> that the ceiling on the loan amount for housing should be increased from Rs.5000 to Rs.7500, the Committee enquired of the witness the reasons for their non-acceptance by the Ministry of Finance. The representative of the Ministry <sup>of Finance</sup> submitted as follows:-

"Sir, on the housing sector, as you would be aware, we are taking the total picture into account. We have set up one apex institution called the National Housing Bank. The idea is that it will also go in for housing for the weaker sections. The whole thing is being considered dimensionally different from what was being done hitherto. The idea is to provide greater satisfaction to the people."

5.76 On being pressed that the ceiling on the housing loans should be increased to Rs.7500, the Secretary, Ministry of Finance submitted :

"But the total amount may not increase very much. We will definitely consider raising it to Rs. 7,500 and try to arrive at a number above the present level. But if you do not increase the total allocation, the number of beneficiaries will be lower. We are looking to the total housing policy. We will definitely increase the limit but to what extent, let us examine that. The suggestion is to raise it to Rs.7,500/-, let us see how much we can increase."

5.77           The Committee recommend that the decision on the raising of the ceiling on the loans to Scheduled Castes/Scheduled Tribes for construction of housing should be expedited by the Ministry of Finance as assured by the Finance Secretary during evidence and if possible it should be raised to Rs.7500. The Committee will like to be apprised of the decision taken.

0. EDUCATION LOAN

5.78 It has been stated that "deserving students who have merit records and who are needy of financial help are being granted educational loans for specialised courses in India and abroad. The salient features of the scheme are as under :-

Amount of Loan:

1. Upto Rs.5000/- in the case of general studies and upto Rs.25000/- in the case of professional courses in all for higher studies in India.
2. Upto Rs.35,000/- or 70% of the passage money and the living and educational expenses as estimated by the Foreign University in cases of higher education abroad."

5.79 When asked about the number of students given loans under the scheme, the Chairman of the Bank of Baroda stated that "there are no takers here. If you ask me honestly.....those who have come we have assisted them."

The witness added that "for professional/courses whosoever come, we have not said 'No'.

The witness further clarified :-

"By and large in respect of applications we have received, the sanction of these loans is at the higher level, at the Zonal Head level. Naturally these loans will not be just brushed aside."

5.80 When asked about the number of applications received in 1986-87, the witness replied that in 1986-87, 2980 applications were received.

When asked whether the credibility of the loanee was assessed by the Bank, the witness

replied that "we do that. We can ask the Regional Manager to send the reports."

5.81 When asked about the criterion adopted to sanction the loan, the witness submitted :

"That is depending on his capability to pay for the fees, for books etc. We assess this and we give loan according to that. Scholarships are already deducted while assessing the total requirements."

5.82 When asked whether due publicity to this scheme had been given by the bank, the witness submitted:

"We have pamphlets and all these things which we keep at the branches for distribution. The scheme had a major thrust in the beginning, 10-15 years ago. But it is not going very fast now."

5.83 When pointed out by the Committee that publicity to the scheme was necessary through the Education Department, the witness submitted :-

"Supposing brilliant students are recommended by the colleges and other institutions, we entertain these applications and we also display at the Branches the schemes to attract the attention of the needy students."

5.84 When asked whether the Bank could bring out something like a booklet to give publicity to the scheme, the witness stated that it could be worked out.

The representative of the Ministry of Finance added :-

will "They are collecting all these instructions and put them in a booklet form. They should periodically revise that book. We have been assured by

the Reserve Bank also that all necessary steps are being taken. And the Indian Banks Association (IBA) has also been asked to coordinate and follow it up so that all banks are able to provide a comprehensive booklet."

5.85 When asked about the rate of interest

charged on these loans, the witness replied that

it was 4 per cent, if the loan was under DRI Scheme and if the loan was outside DRI Scheme /then it was more. The Committee enquired of the

witness whether the interest on the education loan

could be reduced. The witness replied :-

"We will have to go to Reserve Bank for this purpose. It is because, rates of interest was determined by the Reserve Bank."

5.86 The Committee recommend that a comprehensive booklet giving details of all the schemes for which loans are made available should be brought out by the Indian Banks Association as early as possible. In the meanwhile the Bank of Baroda should bring out a booklet to give publicity to the loan facilities made available by it to deserving students who have merit record and are needy of financial help to pursue education.

5.87 The Committee have been informed that scholarships are deducted while assessing the total requirement of a student to pursue stud<sup>ies</sup> for the purpose of giving loans under the scheme. Meritorious students deserve equal assistance if not more as the assistance given to them is likely to achieve better results. The Committee recommend that the procedure of deducting scholarship amount should be discontinued forthwith and the merit scholarships should not be taken into account while assessing the total requirements of the students for loans.

5.88 The Committee recommend that educational loans being a social welfare measure should be brought under the IRI Scheme and an interest at the rate of 4 per cent should be charged by the Banks from the loanee students more so in view of the deposition of the Chairman of the Bank of Baroda that there were no takers of the loans under this scheme.

P. LEAD BANK SCHEME

5.89 It has been stated that the Bank of Baroda is a lead Bank in 31 districts out of which 13 are in U.P., 10 in Rajasthan, 7 in Gujarat and 1 in M.P.

It has further been stated that "the Bank has disbursed loans aggregating Rs.132.2 crores as against the commitment of Rs.111.23 crores under Annual Action Plan, 1986."

5.90 When asked about the role of the Lead Bank, the Chairman, Bank of Baroda, replied :-

there "We perform the role of co-ordinator of all activities there. Each bank picks up its own share and the District Collector takes the meeting periodically to review the progress and the achievements made. Wherever the presence of another bank is more accessible, that / is allocated to that bank. The Lead bank itself take those areas which were not virtually taken by anyone."  
any

5.91 When asked whether / guidelines had been given in this regard by the Reserve Bank /, the witness replied :-

"The Reserve Bank is primarily concerned with this and as representative of the Advisory Committee, we are always present in the State Level meetings where we are the convenor. The State Government official, NABARD official, everyone is there. They periodically review the progress and issue guidelines."

5.92 The Committee enquired of the witness that in case of difference of opinion between the implementing bank and the Lead Bank how the matters were resolved. The representative



of the Ministry of Finance replied :-

major

"Actually apart from this, we have the Regional Consultative Committees consisting of the Chief Ministers of the concerned States, the Finance Ministers of the States, and the Chief Ministers of the States, all the Chief Executives of / Banks. The RCCs are presided over by the Union Finance Minister. All the problems of the regions are discussed in the meetings. If there are major problems, we take them up in the meetings. The Governor, Reserve Bank also attends the meeting.

The Bankers Committee meets periodically at the State level. It is attended by senior Officers. We have not found any particular Bank which is not extending the right cooperation. The State Government is also monitoring.

If there is anything wanting, it will come to the notice of the Committee."

5.93 When asked whether powers could be assigned to the Lead Bank to keep a strict control and supervision over the implementation of various programmes undertaken by other Banks, the representative of the Ministry of Finance replied as follows:-

"Basically it has <sup>role of</sup> coordination Any role beyond that becomes difficult administratively and legally. Lead Bank has its own independent procedure."

5.94 When the Committee expressed the view that the lead bank should be given more powers, the representative of the Ministry of Finance stated that the role of the lead bank in the existing context was being reviewed.

The witness further added:

"There are shortcomings between banks and between regions as well. All the items are included by the Governor, Reserve Bank, in his review with the Chief Executive of the Bank. The Governor, Reserve Bank, convenes a meeting once in three months exclusively with the Chief Executive of the Bank and the Government Director represented on that Bank. If it is not able to achieve even this target at the State level, necessary steps are taken to give more powers to the lead bank."

5.95 Asked about the criterion for adopting command area villages for development by Banks, the representative of the Ministry of Finance submitted as follows:-

"There was a Seminar in which the Finance Minister was also present when this question of giving to each Branch a certain command area to see whether the Branch is able to provide certain direction in terms of development of a group of villages came up. What amount of inputs go into it is being considered."

5.96 On being suggested by the Committee that the lead bank should ask the other banks to adopt those villages where the population of SC/STs predominant. The witness replied :-

"We shall advise the banks."

5.97 The Committee note that at present the lead banks' role is that of coordinators and they have no power to keep a strict control and supervision over the implementation of various programmes undertaken by the other banks. The Committee have been informed by the representative of the Ministry of Finance that the role of the lead bank in the present context is being reviewed. The Committee recommend that some power should be vested in the lead bank to control and supervise the schemes undertaken by other banks in the respective areas and to give necessary instructions to those banks. The Committee will like to be apprised of the steps initiated in this regard as a result of the review.

The Committee recommend that while selecting villages for inclusion in the command areas for development it should always be ensured that the stress is laid on those villages which have a predominant population of SCs/STs.

Q. CREDIT CAMP

5.98 It has been stated that "credit camps are organised by the bank as a part of credit to weaker sections, including SC/ST. As per available figures 11 credit camps were organised in States at Bihar, Gujarat, and U.P., in which - 3235 - beneficiaries were assisted to the tune of Rs.188.93 lakhs."

5.99 During the evidence, the Committee enquired of the Chairman of the Bank of Baroda about his experience of the credit camps. The witness replied:-

"We have participated in the credit camps and we have not initiated many credit camps because in our lead areas, we are making disbursements to the public on particular days and the application is processed by us in advance. The Reserve Bank guidelines in regard to sanction and disbursement are strictly followed."

5.100 When asked whether there was any demand for these credit camps, the witness replied :-

"It depends on area to area. It is very difficult to say whether there is general demand for these camps."

5.101 When pointed out that although the "loan melas" provided the facility to the loanees to get the loans at a single window yet there were complaints of mal-practices in the disbursement of loans at these 'melas'.

The witness replied that the loans were disbursed according to the guidelines laid down by the Reserve Bank of India and which provide for the precautions to be taken while disbursing the loans. If these guidelines were followed there was no scope of any mal-practices.

5.102 When asked whether there were middlemen involved in the disbursement of loans at the credit camps, the representative of the Ministry of Finance submitted :-

"This is a subject about which a lot has been said and it has also been debated in the Parliament and the Minister had also explained his point of view on this particular programme. I don't think we can say anything beyond what has already been stated in the Parliament. All that I would say is that there are plus points and minus points. It is a question of organisation. There is no denying the fact that there may be some intermediaries who corner money. But it should not happen. We have to educate the people about their rights and make them aware of this programme. It is an educational process in a way but it may not be 100 per cent effective. But, by and large, the effort is to carry the message of banking as deeply as possible in the rural areas. There is no short cut. This is one of the ways of creating an awareness."

The witness further stated that may be some time there were middlemen in the disbursement of loans. He further clarified :-

"Let us say of the political environment. There is a widespread allegation that loan applications sponsored only by people belonging to a certain alignment are entertained and the others are rejected."

The witness continued that according to the Reserve Bank guidelines it had to be ascertained by the disbursing authorities that there were no mal-practices in the disbursement of loans. The purpose of the credit camps was to help the people to get the loans direct lest there was any complaint consequently.

5.103 When asked at what level the decision to hold the Loan Mela was taken, the witness replied :-

"It is decided at the local level. Decision is taken at the local level by the banks and they have been organising. It depends on the size of the campaign."

5.104 The Committee recommend that the Ministry of Finance and the Reserve Bank of India should devise some ways and means to curb the menace of disbursement of 'Benami' loans and the exploitation by middlemen of the simple and illiterate loanees. In disbursing the loans at 'Loan Melas' all applicants should be treated on equal footing and the procedure should be so streamlined that there is no scope for any extraneous consideration or influence being applied in favour of any applicant.

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