

**COMMITTEE  
ON  
GOVERNMENT ASSURANCES  
(1990-91)**

(NINTH LOK SABHA)

**NINTH REPORT**

*(Presented on* # ) JAN 1991



सत्यमेव जयते

**LOK SABHA SECRETARIAT  
NEW DELHI**

*December 1990 / Agrahayana, 1912 (Saka)*

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CORRECTENDA

Ninth Report of Committee on Government  
Assurances (1990-91)

Ninth Lok Sabha

<u>Page No.</u>	<u>Para No.</u>	<u>Line</u>
(iii)	-	9
		<u>for</u> Dr. Mahadeepak Singh Sakya
		<u>read</u> Dr. Mahadeepak Singh Shakyaa.
13	-	20
		<u>for</u> 'to develop'
		<u>read</u> 'to devolve'

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**COMPOSITION OF THE COMMITTEE ON  
GOVERNMENT ASSURANCES\***  
(1990-91)

Dr. Vijay Kumar Malhotra — *Chairman*

2. Smt. Subhasini Ali
3. Shri Het Ram
4. Shri Kamal Nath
5. Shri Mahabir Prasad
6. Dr. Mahadeepak Singh Sakya
7. Shri Haribhau Shankar Mahale
- \*\*8. Shri V. Krishna Rao
9. Shri Kusuma Krishnamurthy
- \*\*10. Dr. P. Vallal Peruman
11. Shri Amar Roypradhan
- \*\*12. Shri Sanford Marak
13. Shri C. Srinivasan
- \$14. Shri Ramji Lal Suman
- \*\*\*15. Shri Surya Narain Yadav

**SECRETARIAT**

1. Shri R.C. Bhardwaj — *Joint Secretary*
2. Shri G.C. Hallan — *Director*
3. Shri A. N. Chopra — *Under Secretary*

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\*The Committee was nominated by the Speaker w.e.f. January 19, 1990 *vide* para No. 125 of Lok Sabha Bulletin Part-II dated 19 January, 1990.

\*\*Nominated by Speaker w.e.f. 8 August, 1990 *vice* Sarvashri J.P. Agarwal, Dr. Debi Prosad Paul and P.K. Thungan resigned from the membership of the Committee on Government Assurances, w.e.f. 7 August, 1990 *vide* para No. 680 of Lok Sabha Bulletin Part-II dated 8 August, 1990.

\$Ceased to be a Member of the Committee w.e.f. 21.11.1990 consequent upon his appointment as Minister of State.

\*\*\*Nominated by Speaker w.e.f. 17 July, 1990 *vice* Shri Bhajaman Behera ceased to be a member of the Committee consequent upon his appointment as Minister of State w.e.f. 21 April, 1990, *vide* para No. 611 of Lok Sabha Bulletin Part-II dated 17 July, 1990.

## INTRODUCTION

1, the Chairman of the Committee on Government Assurances, as authorised by the Committee, do present on their behalf this Ninth Report of the Committee on Government Assurances.

2. The Committee (1990-91) were constituted on 19 January, 1990.

3. The Committee (1990-91), at their sitting held on 5 March, 1990, took the evidence of the representatives of the Ministry of Finance regarding assurances given in reply to USQ. No. 2247 on 1 August, 1986 and USQ. No. 3227 on 8 August, 1986 about opening of new branches by Nationalised Banks and USQ. No. 2682 on 11 March, 1988 about Working Group Report on Lead Bank Scheme. At their sitting held on 12 December, 1990, the Committee considered and adopted the draft Ninth Report.

4. The Minutes of the aforesaid sittings of the Committee form part of the Report.

5. The conclusions / observations of the Committee are contained in the succeeding Chapter of the Report.

6. The Committee wish to express their thanks to the officials of the Ministry of Finance who appeared before the Committee.

NEW DELHI;

DR. VIJAY KUMAR MALHOTRA,  
*Chairman,*  
*Committee on Government Assurances.*

12 December, 1990

*21 Agrahayana, 1912 (Saka)*

## REPORT

### (i)

#### *Opening of New Branches by Nationalised Banks*

1.1 On 8 August, 1986 the following Unstarred Question (No. 3227) given notice of by Prof. Narain Chand Parashar, M.P., was addressed to the Minister of Finance:—

“The names of the places, State-wise, for which licences were issued to the nationalised banks for opening their branches during the period June, 1984—March, 1985?”

1.2 The Minister of State in the Ministry of Finance (Shri Janardhana Poojary) gave the following reply:

“The information is being collected and will be laid on the Table of the House to the extent possible.”

1.3 The above reply to the question was treated as an assurance by the Committee which was to be fulfilled within three months of the date of reply i.e. by 8 November, 1986.

1.4 On 11 November, 1986 the Ministry laid on the Table of the House a list showing the names of places, State-wise, for which allotments / licences were issued by the Reserve Bank of India to the 28 Public Sector Banks for opening branches during the period from June, 1984 to March, 1985.

1.5 On 1 August, 1986, the following Unstarred Question (No. 2247) given notice of by Prof. Narain Chand Parashar, M.P. was addressed to the Minister of Finance:—

“(a) whether the branch licensing policy of the Reserve Bank of India takes into account the difficult geographical terrain and the sparse population in the hill areas recognised as such by the Planning Commission and ensures adequate relaxation in the existing norms of distance and population for the opening of new branches in such areas;

(b) if so, the exact relaxation allowed in the case of hill States/regions under the new branch licensing policy announced in 1985; and

(c) the average area and population served by a bank in each of the hill States / Union Territories?”

1.6 The Minister of State in the Ministry of Finance (Shri Janardhana Poojary) gave the following reply:—

“(a) and (b): Under the current branch licensing policy for the period

April, 1985 to March, 1990 of the Reserve Bank of India, branch expansion in hilly / tribal areas is given a special consideration and branch expansion in such areas is allowed on a comparatively liberal basis, taking into account the existing gaps in the availability of banking facilities, the need for meeting the banking requirements of identified groups, growth of economic activities etc. The lead banks who have to identify centres for opening new bank offices have been asked to keep special features of such region in view.

(c) The information is being collected and will be laid on the Table of the House to the extent possible.”

1.7 Reply to part (c) of the question was treated as an assurance by the Committee which was to be fulfilled within three months of the date of reply i.e. by 1 November, 1986.

1.8 On 11 November, 1986, the Ministry laid on the Table of the House a statement showing average area and population served by a bank branch in Hilly States / Union Territories.

1.9 The Committee took evidence of the representatives of the Ministry of Finance and the Reserve Bank of India in regard to the above two assurances at their sitting held on 11 April, 1989.

1.10 During the oral evidence of the representatives of the Ministry of Finance (Department of Economic Affairs) (Banking Division) and RBI, Shri A. Ghosh, Deputy Governor, RBI, in reply to a question whether there was any exercise to involve MPs to give their opinion in a formal manner in opening of bank branches stated as follows:—

“.....A decision was taken very recently that local MPs and MLAs will be invited in the District Level Review Committee meetings. As an invitee they will participate in the deliberations. This, I think, will partly meet your point.”

The Committee were also informed that there were proposals for setting up State Level Advisory Committees where some members of Parliament and some Members from State Legislatures would be associated.

1.11 In this connection, the Ministry of Finance was requested in February, 1990 to furnish information on the following points as desired by the Committee at the time of adopting its First Report:—

- (1) The number of District Level Review Committees set up, State-wise;
- (2) The number of meetings of the Committees held during 1989, State-wise;
- (3) Whether the local MPs and MLAs were invited to these meetings and if so, the details thereof;

- (4) The number of MPs and MLAs who actually participated in these meetings during 1989;
- (5) The details of State Level Advisory Committees set up so far and the extent to which MPs and MLAs have been associated with these Committees.

1.12 In their reply the Ministry of Finance (Banking Division) *vide* U.Os dated 12.2.1990 and 27.2.1990 have stated as follows:—

*“Points 1,2,3 & 4: Reserve Bank of India has instructed on 13.4.1989 to the Chairmen of all Lead Banks in Districts to invite all local MPs and MLAs to the meetings of District Level Review Committee (DLRC). These DLRCs were constituted with reference to RBI’s instructions of 4.8.1983 to all such banks, and the frequency of these meetings was to be held half yearly. The details sought for under these points are not readily available and its collection will take some more time.*

*Point 5: The proposal regarding setting up of the State Level Advisory Committee initiated in March, 1989 has been dropped in June, 1989 and was not pursued thereafter.”*

It had been further added that District Level Review Committees were functioning in all Districts of the country and local MPs and MLAs were being invited to their meetings.

1.13 The Committee took further evidence of the representatives of the Ministry of Finance on 5 March, 1990 with regard to association of MPs and MLAs with the District Level Review Committee meetings.

1.14 The Committee during evidence enquired about the details of the number of MPs and MLAs who attended the meetings of the Review Committees and the representatives of Ministry of Finance stated:—

*“.....RBI certainly issued instructions soon after the meeting which was held on the 11th April, 1989. They issued instructions saying that at the district level committees, the MPs and MLAs should be invited. But I do not know whether those instructions have been implemented or not. We do not have that information.”*

1.15 The Committee further desired to know the extent of involvement of MPs and MLAs, the number of meetings held so far and the number of members who attended them. In reply, the representative of the Ministry of Finance further stated:—

*“We have a system for collection of information. The Committee met on the 11th April, 1989 and issued instructions on 13th April, 1989 that in future MPs and MLAs should also be invited. So far as they are invited or not is concerned, we do not collect that information from the lead bank. We do not know whether they attended or not*



also. The RBI also does not have that information. It does not receive the information. Now, we are trying to get the information regularly.”

1.16 The Committee pointed out that according to their information not even a single meeting had been called, although according to RBI's instructions dated 4.8.1983, at least one or two meetings should have been held each year. Thereupon the representative assured that they would write to RBI and also stated that action would be taken against the officers who did not adhere to the instructions of RBI. The witnesses assured the Committee that a meeting would be called in every single district, at the district level.

1.17 Regarding the details of the Membership of these Committees, the representative stated:

“In the State Level Coordination Committee, the Members will be CM, FM of the State, the Zonal Regional Managers of the public sector banks and in the Bankers Committee, there will be the representatives of the State Government. So, there are already two committees which are still existing.”

1.18 In reply to a question about the details of States where these Committees were functioning, the witness stated that in all the States there was State Level Co-ordination Committee; but it was not so effective in its functioning.

1.19 Regarding the involvement of MPs in these Committees, the representative informed that they had left it to the State Governments and there were no such instructions from their side.

1.20 The Committee enquired whether there was a third Committee, the representative informed that it (State Level Advisory Committee) was a third Committee, but it was not set up. The idea was that there were already two existing Committees and the third one should not be formed.

1.21 The Committee opined that in the first two Committees, the MPs and MLAs should have been associated and only if the members were associated with these Committees, the assurance would be fulfilled. In reply, the witness assured that in view of these observations, he would submit the papers to the Finance Minister.

1.22 On 29 June, 1990, the Ministry of Finance, in a note, furnished the following information with regard to the number of District Level Review

Committee meetings held during 1989 and the number of MPs / MLAs who attended the meetings:

S. No.	Name of State/Union Territory	No. of DIRC meetings held during 1989	No. of M.Ps/ MLAs who attended meetings		Remarks
			M.Ps	MLAs	
1	2	3	4	5	6
1.	Andhra Pradesh	32	2	12	
2.	Assam	18	1	13	
3.	Arunachal Pradesh	8	—	—	
4.	Bihar	48	1	4	
5.	Goa				Information not available
6.	Gujarat	26	5	14	
7.	Haryana	19	—	2	
8.	Himachal Pradesh	16	—	—	
9.	Jammu & Kashmir	21	1	7	
10.	Karnataka	25	2	—	
11.	Kerala	21	1	3	
12.	Madhya Pradesh	84	—	4	
13.	Maharashtra	43	5	10	
14.	Meghalaya	3	—	1	
15.	Mizoram	5	1	1	
16.	Manipur	11	—	6	
17.	Nagaland	6	—	—	
18.	Orissa	21	3	14	
19.	Punjab	16	—	—	
20.	Rajasthan	54	2	7	
21.	Sikkim	1	—	—	
22.	Tamil Nadu	37	1	27	
23.	Tripura	4	—	4	
24.	Uttar Pradesh	95	—	10	Information in Col.5 relates to 42 districts only
25.	West Bengal	26	1	25	
26.	Andamans & Nicobar	1	—	1	
27.	Chandigarh	2	—	—	
28.	Delhi	—	—	—	No meeting held
29.	Dadra & Nagar Haweli	1	—	—	
30.	Daman & Diu	4	—	—	
31.	Lakshdweep	1	—	—	
32.	Pondicherry	1	—	—	

1.23 The Committee note that the government have taken a decision to invite local MPs and MLAs in the District Level Review Committee meetings which are held to monitor the implementation of district level credit plan and instructions in this regard were issued to the authorities concerned on 13 April, 1989. The Committee also note that no information has been collected from the lead banks as to whether the Members were invited or not in pursuance of these instructions and also about the number of Members who attended such meetings. The Committee also note that no such review meeting for the Union Territory of Delhi was held during 1989, whereas at least one or two meetings should have been held each year according to instructions of Reserve Bank of India on the subject. While no information has been furnished by the Government about the review meetings held in Goa in 1989, the information furnished in respect of UP in this regard is not complete. Apparently even after the clear instructions of the Government the lead banks have not been making serious efforts to associate MPs/MLAs with a view to ascertain their views in the matter of opening of new bank branches in their respective areas and for monitoring the district level credit plan. The Committee, therefore, recommend that the Government should ensure that instructions are scrupulously followed by the lead banks with regard to the participation of MPs / MLAs in all the review meetings in order to add more meaning to the process of review and decision-making. The Committee desire that the Government should make concerted efforts to collect all the information required by the Committee quickly and submit the same, taking the barest minimum time in collecting the same. The Committee also recommend that the Government should ensure that the meetings of District Level Review Committees are held regularly in all States and Union Territories, particularly in Delhi where no such meeting was held in 1989.

#### Working Group Report on Lead Bank Scheme

2.1 On 11 March, 1988, the following Unstarred Question (No. 2682) given notice of by Shri Syed Shahabuddin, M.P., was addressed to the Minister of Finance:

- “(a) the composition of Working Group on lead bank scheme and its terms of reference;
- (b) whether the working group has submitted report to Government; and
- (c) if so, the main recommendations made by the group and the reaction of Government thereto?”

2.2 The then Minister of State in the Department of Economic Affairs in the Ministry of Finance (Shri Eduardo Faleiro) gave the following reply:—

- “(a) The composition of the Working Group on Lead Bank Scheme set up by the Government, at the time of finalisation of its report in February, 1988, is given in Annexure.

The terms of reference of the Working Group were as under:—

- (i) to examine the need for extending the Lead Bank Scheme right upto the block level and also to suggest methodology for achieving better coordination among various banks at the block level;
- (ii) to examine the role of Coordination/Consultative/Advisory Committees at State/District/Block Level and to suggest a more rationalised frame of such three-tier committees;
- (iii) to examine and make recommendations for synchronising the credit plans of the banks with the development plans of the State Governments with a view to make the Lead Bank Scheme far more effective; and
- (iv) any other matter connected with or incidental to the above terms of reference.

(b) & (c) The Working Group has submitted its report to Government on 1.3.1988. The recommendations of the Group are under consideration of Government.”

2.3 The reply given to parts (b) and (c) of the question was treated as an assurance. The assurance was to be fulfilled within three months of the date of reply i.e. by 10 June, 1988.

2.4 As the assurance remained unfulfilled the Committee took the oral evidence of the representatives of the Ministry of Finance on 5 March, 1990.

2.5 The Committee enquired during oral evidence about the position regarding the consideration of the recommendations of the Working Group on Lead Bank Scheme. The representative of the Ministry of Finance stated:—

“I would like to submit that while replying the question in the Parliament Hon'ble Minister used the same words and therefore these words are reproduced here and it is not possible for us to make any change in these words. The position is that the decision has been taken thereon and the Reserve Bank has introduced the Service Area Approach Scheme and its main recommendations are the same; hence no recommendation is required again. If you want to know about the recommendations, I would tell you. The recommendations which were adopted by the Reserve Bank of India in the Service Area were made effective from April, 1989.

One of the recommendations of the Working Group is that it is desirable to devolve some of the responsibilities of the Lead Bank on an areal unit smaller than the district. A development block is considered to be the appropriate unit for this purpose.

Under the Service Area Approach for rural lending for which instructions were issued by RBI on 14.3.1988 to all scheduled commercial banks including RRBs, the service area of a bank branch would consist of 15-25 villages in a block. The annual lending programme drawn up by each branch would be aggregated into the annual credit plan for the Block. Then, the Working Group recommended that there should be a block-level committee for planning and monitoring credit deployment in the rural areas.

As coordination among the banks and Block officials is essential, RBI has issued instructions for the constitution of a Block Level Bankers' Committee. All the banks operating in the Block, including the District Central Cooperative Bank and RRB will be the members of the Committee. The Block Development Officer and other Technical Officers in the Block, such as, extension officers for agriculture, industries and cooperatives will also be its members. The Chairman of the Committee will be the Lead Bank Officer. The Committee would hold its meetings at least once in a quarter.

Another recommendation of the Working Group on the Lead Bank Scheme was that a bank branch should be made responsible for meeting the credit requirements of a group of villages which would constitute its 'Service Area'.

Under the instructions of RBI, Branch Manager is responsible for carrying out a survey, preparation of the profile of the service area, i.e., 15 to 25 villages coming under the jurisdiction and also preparation of the matching credit-plan"

2.6 The Committee pointed out that the Government had already taken two to three years to process the matter and desired to know about the hitch in not implementing the assurance early. The representative of the Ministry of Finance stated:—

"This policy was adopted only from 1st April, 1989. Obviously, as you mentioned, perhaps this could have been done. I quite accept that. The moment it came to my notice, the file was immediately submitted to the Minister and he has approved that in view of the new Service Area Approach, which virtually covers the same ground as was recommended by the Working Group on Lead Bank Scheme, there was no need to recommend the other one. I express regrets for the delay."

2.7 Thereafter, on 30 May, 1990, the Ministry implemented the assurance by laying the following information on the Table of the House (Statement No. XVI/Item No. 5):

"The Working Group on Lead Bank Scheme has submitted its report to Government on 1.3.1988 and its main recommendations relating to block level Planning are indicated below:—

1. It is desirable to devolve some of the responsibilities of the Lead

Bank on an areal unit smaller than the district. A development block is considered to be the appropriate unit for this purpose.

2. There should be a block level committee for planning and monitoring credit deployment in the rural areas.
3. A bank branch should be made responsible for meeting the credit requirements of a group of villages which would constitute its 'Service Area'.
4. It would be necessary to associate local institutions such as the village panchayats with the preparation and implementation of block level credit plans.
5. The contents of Annual Action Plan may be broadened to include elements of perspective planning and the enlarged plan may be known as the Annual Credit Plan.

The Government has decided not to pursue the recommendations of the Working Group of Lead Bank Scheme, as they have been included in the guidelines issued by Reserve Bank of India for Service Area Approach to rural lending".

2.8 The Committee note that the Service Area Approach for rural lending introduced with effect from 1 April, 1989, by the Reserve Bank of India, virtually covers the same ground that was sought to be covered by the recommendations of the Working Group Report on Lead Bank Scheme relating to block level credit planning. The Committee also note the delay of over one year in the implementation of the assurance as admitted by the representative of the Ministry of Finance during evidence. In fact, the implementation of the assurance was prompted only after the Committee took oral evidence of the Ministry of Finance on 5 March, 1990. The Committee regret the lackadaisical attitude shown by the Ministry of Finance in arriving at the final conclusion particularly when they knew that both the Service Area Approach and the recommendations of Working Group Report on Lead Bank Scheme cover the same ground. The Committee cannot but conclude that conclusive action was taken only when the Committee took note of the delay on the pending assurance. The Committee hardly find any justification for having kept this assurance alive for more than a year for no reason, as the Government could have implemented it in as early as April, 1989. The whole episode clearly shows the lack of coordination that pervades the administration. The Committee,

therefore, recommend that the Government should be extravigilant in dealing with Parliamentary work, involving issues of public importance, to avoid such lapses.

NEW DELHI;

*12 December, 1990*

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*21 Agrahayana, 1912 (Saka)*

DR. VIJAY KUMAR MALHOTRA,

*Chairman,  
Committee on Government Assurances.*

## ANNEXURE

(Vide Para 2.2 of the Report)

### Statement

#### *Composition of Working Group on Lead Bank Scheme*

1. Shri A.K. Agarwal, *—Chairman*  
Joint Secretary,  
Government of India,  
Ministry of Finance,  
Department of Economic Affairs,  
Banking Division, New Delhi.
2. Shri P.K. Parthasarathy, *—Member*  
Chief Officer,  
Rural Planning and Credit Department,  
Reserve Bank of India,  
Central Office,  
Bombay.
3. Shri Divakar Dev, *—Member*  
Chief General Manager;  
National Bank for Agriculture  
and Rural Development,  
Bombay.
4. Shri J. S. Varshneya, *—Member*  
Chairman and Managing Director,  
Punjab National Bank,  
New Delhi.
5. Shri J.C. Moorjani, *—Member*  
Under Secretary,  
Ministry of Agriculture,  
Department of Rural Development,  
New Delhi.
6. Shri K.P. Pandian, *—Member Secretary*  
Under Secretary,  
Government of India,  
Ministry of Finance,  
Department of Economic Affairs,  
Banking Division,  
New Delhi.



**MINUTES**  
**THIRD SITTING**

*Minutes of the third sitting of the Committee on Government Assurances held on 5 March, 1990, in Committee Room 'C', Parliament House Annexe, New Delhi.*

The Committee met on Monday, the 5 March, 1990 from 16.00 hrs to 17.45 hours.

**PRESENT**

1. Dr. Vijay Kumar Malhotra—*Chairman*

**MEMBERS**

2. Smt. Subhasini Ali
3. Shri Bhajaman Behera
4. Shri Het Ram
5. Shri Mahabir Prasad
6. Dr. Mahadeepak Singh Shakya
7. Shri Kusuma Krishnamurthy
8. Shri Amar Roy Pradhan
9. Shri Ramji Lal Suman
10. Shri C. Srinivasan

**SECRETARIAT**

1. Shri C.K. Jain — *Joint Secretary*
2. Shri S.C. Gupta — *Director*
3. Shri Jyoti Prasad — *Under Secretary*

**MINISTRY OF FINANCE (BANKING DIVISION)**

1. Shri D.R. Mehta, *Additional Secretary*
2. Shri Dinesh Chandra, *Joint Secretary*

2. At the outset, the Chairman drew the attention of the witnesses to Direction 58 of the Directions by the Speaker whereunder their evidence could be treated as public and was liable to be published unless the witnesses specifically desired that all or any part of the evidence given by them was to be treated as confidential.

3. The Committee took evidence of the representatives of the Ministry of Finance regarding (i) non-implementation of the assurance given on 11 March, 1988 in reply to Unstarred Question No. 2682 regarding working group report on Lead Bank Scheme and (ii) on the aspect of association of MPs and MLAs with the

district level Committee referred to during the evidence of the Ministry of Finance held earlier in connection with the assurance given on 8 August, 1986 regarding licences for opening of bank branches.

*Assurance regarding Working Group Report on Lead bank Scheme (USQ 2682 dt. 11.3.88)*

The Committee enquired about the position regarding the consideration of the recommendations of the Working Group on Lead bank Scheme. The representative of the Ministry of Finance stated:

“I would like to submit that while replying the question in the Parliament Hon’ble Minister used the same words and therefore these words are reproduced here and it is not possible for us to make any change in these words. The position is that the decision has been taken thereon and the Reserve Bank has introduced the Service Area Approach Scheme and its main recommendations are the same; hence no recommendation is required again. If you want to know about the recommendations, I would tell you. The recommendations which were adopted by the Reserve Bank of India in the Service Area were made effective from April, 1989.

One of the recommendations of the Working Group is that it is desirable to develop some of the responsibilities of the Lead Bank on an areal unit smaller than the district. A development block is considered to be the appropriate unit for this purpose.

Under the Service Area Approach for rural leading for which instructions were issued by RBI on 14.3.1988 to all scheduled commercial banks including RRBs, the service area of a bank branch would consist of 15-25 villages in a block. The annual leading programme drawn up by each branch would be aggregated into the annual credit plan for the Block. Then the Working Group recommended that there should be a block-level committee for planning and monitoring credit deployment in the rural areas.

As coordination among the banks and with Block officials is essential, RBI has issued instructions for the constitution of a Block Level Bankers’ Committee. All the banks operating in the Block, including the District Central Cooperative Bank and RRB, will be the members of the Committee. The Block Development Officer and other Technical Officers in the Block, such as, extension officers for agriculture, industries and cooperatives, will also be its members. The Chairman of the Committee will be the Lead Bank Officer. The Committee would hold its meetings at least once in a quarter.

Another recommendation of the Working Group on the Lead Bank Scheme was that a bank branch should be made responsible for meeting the credit requirements of a group of villages which would constitute its ‘Service Area’.

Under the instructions of RBI, Branch Manager is responsible for carrying out a survey, preparation of the profile of the service area, i.e., 15 to 25 villages coming under the jurisdiction and also preparation of the matching credit-plan."

The Committee pointed out that the Government had already taken two to three years to process the matter and desired to know about the hitch in not implementing the assurance early. The representative of the Ministry of Finance stated:

"This policy was adopted only from 1st April, 1989. Obviously, as you mentioned, perhaps this could have been done. I quite accept that. The moment it came to my notice, the file was immediately submitted to the Minister and he has approved that in view of the new Service Area Approach, which virtually covers the same ground as was recommended by the Lead Bank Scheme, there was no need to recommend the other one. I express regrets for the delay."

*Assurance regarding the association of MPs/MLAs with the District Level Review Committee to monitor implementation of district level plan for issue of licences for opening of Bank Branches (USQ 3227 dated 8.8.86)*

The Committee drew the attention of the representatives of the Ministry of Finance to the statement made before the Committee (1988-89) earlier on 11 April, 1989, by the representative of the Reserve Bank of India wherein he indicated that a decision had been taken to associate MPs and MLAs with the District level Review Committee to monitor the problems in implementation of the district level plan and there were proposals for setting up State Level Advisory Committees where some MPs and MLAs would be associated. The Committee then enquired about the details of the number of MPs and MLAs who attended the meetings of the Review Committees and the representative of Ministry of Finance stated:

"...RBI certainly issued instructions soon after the meeting which was held on the 11th April, 1989. They issued instructions saying that at the district level committees, the MPs and MLAs should be invited. But I do not know whether those instructions have been implemented or not. We do not have that information."

The Committee further desired to know the extent of involvement of MPs and MLAs the number of meetings held so far and the number of members who attended them. In reply, the representative of the Ministry of Finance further stated:

"We have a system for collection of information. The Committee met on the 11th April, 1989 and issued instructions on 13th April, 1989 that in future MPs and MLAs should also be invited. So far as they are invited or not is concerned, we do not collect that information from the lead bank. We do not know whether they attended or not

also. The RBI also does not have that information. It does not receive the information. Now, we are trying to get the information regularly.”

The Committee pointed out that according to their instruction not even a single meeting had been called, although according to RBI's instructions dated 4.8.1983, at least one or two meetings should have been held each year. Thereupon the representative assured that they would write to RBI and also state that action would be taken against the officers who did not adhere to the instructions of RBI.

The witnesses assured the Committee that a meeting would be called in every single district, at the district level.

Regarding the details of the Membership of these Committees, the representative stated:

“In the State Level Coordination Committee, the Members will be CM, FM of the State, the Zonal Regional Managers of the public sector banks and in the Bankers Committee there will be the representatives of the State Government. So, there are already two committees which are still existing.”

In reply to a question about the details of States where these Committees are functioning, the witness stated that in all the States there was State Level Co-ordination Committee; but it was not so effective in its functioning.

Regarding the involvement of MPs in these Committees, the representative informed that they had left it to the State Government and there were no such instructions from their side.

The Committee enquired whether there was a third Committee, the representative informed that it (State level Advisory Committee) was a third Committee, but it was not even set up. The idea was that there were already two existing Committees and the third one should not be formed.

The Committee opined that in the first two Committees, the MPs and MLAs should have been associated and only if the members were associated with these Committees, the assurance would be fulfilled. In reply, the witness assured that in view of these observations, he would submit the papers to the Finance Minister.

The witnesses of Ministry of Finance then withdrew.

\* \* \* \*

The Committee then adjourned to meet on Tuesday, 6 March, 1990 at 11.00 hours.

## MINUTES

### SIXTEENTH SITTING

*Minutes of the Sixteenth Sitting of the Committee on Government Assurances Held on 12 December, 1990, in Committee Room 'B' Parliament House Annexe, New Delhi*

The Committee met on Wednesday, 12 December, 1990 from 16.00 hrs. to 16.30 hrs.

#### PRESENT

Dr. Vijay Kumar Malhotra — *Chairman*

#### MEMBERS

2. Dr. Mahadeepak Singh Shakya
3. Shri Haribhau Shankar Mahale
4. Shri Kusuma Krishnamurthy
5. Shri C. Srinivasan
6. Shri Surya Narain Yadav

#### SECRETARIAT

1. Shri G.C. Hallan — *Director*
2. Shri A.N. Chopra — *Under Secretary*

2. The Committee decided to undertake a Study Tour to Madras, Andaman & Nicobar Islands and Calcutta From 12 January, 1991 to 17 January, 1991 in lieu of their earlier programme fixed from 2 January to 9 January, 1991.

3. The Committee considered the request received from the sister Committee on Government Assurances of Tamil Nadu Legislature to have informal discussions on 28 December, 1990 at 15.00 hours. The Committee decided to have informal discussions with them.

4. The Committee took up for consideration the Draft Ninth Report and adopted the same.

5. The Committee took up for consideration Memoranda Nos. 44, 45, 46, 47, 48, 49 and 50.

\* \* \* \* \*

13. The Committee decided to hold their next sitting on 21 December, 1990 at 11.00 hours.

*The Committee then adjourned.*

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