

COMMITTEE ON THE WELFARE OF SCHEDULED
CASTES AND SCHEDULED TRIBES
(1994-95)

(TENTH LOK SABHA)
THIRTY EIGHTH REPORT

AUTHENTICATED COPY

MINISTRY OF FINANCE

(DEPARTMENT OF ECONOMIC AFFAIRS - BANKING DIVISION)

Reservation for and Employment of Scheduled Castes
and Scheduled Tribes in Indian Bank and
Credit Facilities provided by the
Bank to Scheduled Castes and
Scheduled Tribes.

Presented to Lok Sabha on .

Laid in Rajya Sabha on ____

LOK SABHA SECRETARIAT
NEW DELHI

December, 1994/Agrahayana 1915 (Saka)

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of
COMPOSITION COMMITTEE ON THE WELFARE OF SCHEDULED
CASTES AND SCHEDULED TRIBES (1994-95)

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1. Shri Murari Lal - Joint Secretary
2. Shri Babu Ram - Deputy Secretary

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 Eighth Report (Tenth Lok Sabha) on Reservation for and Employment of Scheduled Castes and Scheduled Tribes in Indian Bank and Credit facilities provided by the Bank to Scheduled Castes and Scheduled Tribes.

2. The Committee took evidence of the representatives of the Ministry of Finance (Deptt. of Economic Affairs - Banking Division) and Indian Bank on 20 October, 1993. The Committee wish to express their thanks to the officers of the Ministry of Finance (Deptt. of Economic Affairs - Banking Division) and Indian Bank for placing before the Committee material and information the Committee wanted in connection with the examination of the subject.

3. The Report was considered and adopted by the Committee on 24.8.1994.

4. A summary of conclusions/recommendations contained in the Report is appended.*



AUTHENTICATED COPY
PARAS RAM BHARDWAJ
Chairman,

NEW DELHI :

December, 1994
Agrahayana, 1916(S)

Committee on the Welfare of
Scheduled Castes and
Scheduled Tribes.

* Not appended with cyclostyled copies of the Report.

CHAPTER - I

REPRESENTATION ON THE BOARD OF DIRECTORS

a. ORGANISATIONAL SET-UP OF INDIAN BANK

1.1 The overall management of the Indian Bank (IB) is with the Board of Directors headed by a Chairman and Managing Director. The CMD is assisted by one Executive Director and 5 General Managers. Apart from the above, there are 27 Deputy General Managers and 45 Assistant General Managers in the top management level.

1.2 The Bank has 8 Zonal, 34 Regional, 2 Area Offices and 1372 Branches in India and 2 Branches abroad. Besides, there are 6 Zonal inspectorates to look after the inspection functions. The organisational structure of the Central Office has been so aligned as to enable it to exercise effective control over the zonal and regional offices directly and the branches through the zonal and regional offices.

b. BOARD OF DIRECTORS

1.3 The Board of Directors of Nationalised Banks are constituted as per the provisions of Nationalised Banks (Management & Miscellaneous Provisions) Scheme made by the Central Government under the Banking Companies (Acquisition and Transfers of Undertakings) Act, 1970 after consultation with RBI.

1.4 The Committee were informed that there are presently 9 members in the Board of Directors and 6 posts of Directors are vacant. There is one member from SC community on the Board of Directors.

1.5 The Committee on the Welfare of SC/ST in their 49th Report of 38th Lok Sabha on Dena Bank recommended that the implementation of Reservation Policy may be reviewed by the Board of Directors of Dena Bank on half yearly basis and the same had been noted by the Ministry in their Action Taken statement dated 25.8.89. The Committee enquired whether the implementation of Reservation policy was being reviewed by the Board of IB also half yearly. They were informed by the Ministry that the half yearly reviews do not serve any purpose as there is no such thing as mid course corrections to be carried out. But in case the Committee still holds the view that the banks should place half yearly reviews before their Boards, the same will be conveyed to all the Banks for compliance.

1.6 The Committee regret to note that despite the recommendation of the Committee in their 49th Report regarding half yearly review of the implementation of reservation policy having been accepted by the Ministry, no action has been taken till now to see that it is implemented by all the Banks.

The Committee reiterate that the matter should be reviewed by the Board half-yearly to enable the management to take timely follow-up action as per the directions of the Board.

CHAPTER II

RESERVATION IN SERVICES

2.1 a) Reservation - There are three categories of posts in the IB filled by Direct Recruitment viz. a) Officers b) Clerical and c) Sub-staff. The vacancies in officers cadre are filled on all India basis and the reservation provided to SC/ST is 15% and 7.5% respectively. The recruitment to the posts of clerical and sub-staff cadre are done on the state basis depending on the population of SCs/STs.

2.2 The reservation in promotion for SCs/STs from sub-staff to clerical cadre and from clerical to officer cadre is also 15% and 7.5% respectively.

RECRUITMENT.

PER II/P.2

2.3 The following table gives the picture regarding recruitment made during the last three years in Indian Bank which was furnished to the Committee in a post evidence reply :

Year	Category of posts	Total No. of vacancies occurred during the year	Number of vacancies reserved for SCS			Number of vacancies reserved for STs			Number of candidates appointed		No. of vacancies carried forward	
			C/f from previous year	Reserved during the year	Total	C/f from previous year	Reserved during the year	Total	SC	ST	SC	ST
1991	Officers	90	2	14	16	1	3	9	16	11	Nil	Nil
	Clerks	228	Nil	32	32	Nil	11	11	49	17	Nil	Nil
	Sub-Staff	248	1	43	44	6	10	16	69	6	1	10*
1992	Officers	1	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Clerks	470	Nil	83	83	Nil	16	16	84	19	Nil	Nil
	Sub-Staff	321	1	54	55	10	9	19	103	10	4	10*
1993	Officers	52	Nil	9	9	Nil	6	6	9	6	Nil	Nil
	Clerks	558	Nil	93	93	Nil	23	23	97	29	5	Nil
	Sub-Staff	167	4	26	30	10	9	19	60	19	Nil	3

* Although the recruitments of SCS and STs were far in excess of the vacancies reserved for them during the years 1991, 1992 and 1993, there remained a backlog of 5 SCS in the clerical staff and 3 STs in the Sub-Staff. This was for the reason that there were no recruitments in certain States where the backlog existed.

(5) STAFF STRENGTH AND SHORTFALLS

2.4 Table below gives the staff strength as on 1.1.94 :-

	Total No. of Posts	No. of SCs	of STs	Percentage of SCs	of STs	Shortfall SCs	STs
(a) Officers	9042	1095	404	12.11	4.47	2.89	3.03
(b) Clerical	12728	2588	440	20.33	3.46	Nil	4.04
(c) Sub-staff	3985	1270	168	31.87	4.22	Nil	2.28
(d) Sweeper	955	249	55	26.07	5.76	Nil	1.74

2.5 The Committee have been informed that the representation of SCs and STs in officers cadre is 12.11 and 4.47 percent respectively on 1.1.94. It was stated in the PER that the shortfall is due to the reason that the implementation of reservation policy in banks started from the year 1969 in direct recruitment and from the year 1978 in promotions. In all the cases of recruitments after the implementation of reservation policy the bank has been adhering to the policy. It was further informed that the bank does not have any backlog in direct recruitment in any cadre. When the Committee desired to know the reasons for shortfall among STs in all the categories of posts, it was stated that as compared to the All India

percentage of ~~7½%~~ the bank could not find more than 4% of STs in any of the four categories of posts because more number of branches/offices of Indian Bank are concentrated in Southern States in general and in the States of Tamil Nadu and Kerala in particular. The percentage of reservation applicable for STs in the State of Tamil Nadu and Kerala is only 1%. The reservation for STs required to be provided in these States are far below the national percentage of 7½%.

2.4 The Committee have been informed that reservation in IB was implemented from the year 1969 i.e. after the nationalisation of banks. It was further informed by IB that there is no backlog in direct recruitment in any cadre. The Committee find that the percentage of SC & ST officers in Indian Bank is 12.11 and 4.47 respectively which is not as per the prescribed percentage. Similarly, the number of ST employees in clerical, sub-staff and sweeper category is short of the percentage laid down. The reason stated for shortfall was low percentage of ST ^{population} in the Southern States in general and in the State of Tamil Nadu and Kerala in particular the percentage of reservation applicable for STs in these States is only 1%. The Committee appreciate the efforts made by Indian Bank in filling up the backlog of vacancies besides the availability of 10% ST ^{population} in its service area. The Committee hope the bank will maintain the position in future also.

CHAPTER III

MEASURES TO IMPROVE THE REPRESENTATION OF SCs/STs IN SERVICES

(a) Pre-Recruitment Training

3.1 As per the instructions of the Government, the Bank has been organising pre-recruitment training programmes for the benefit of SC/ST candidates. The duration of the training programme is six working days. This training is arranged to prepare the candidates to acquaint with the written examination and they are also prepared for facing the interview boards.

3.2 Table below gives the number of employees given pre-recruitment training during 1990-92 :

Year	<u>Officers</u>		<u>Clerks</u>	
	SCs	STs	SCs	STs
1990	47	22	748	56
1991	27	5	329	22
1992	179	1	805	7

3.3 The Committee desired to know the reasons for poor representation of STs as compared to SCs. In a written reply it has been stated that the ST population in Tamil Nadu is only 1% where the Bank has major responsibility for imparting training. Hence the number of ST candidates provided pre-recruitment training is low.

3.4 During the course of evidence the Committee desired to know how many SC/ST qualified the examination after attending the 6 days pre-recruitment training.

The witness replied :

We have not had any difficulty in recruiting the required number. How many of those who get this training qualify is a different question. We have to recruit 15% of SC and 7½% of ST and these candidates are coming in the recruitment. We are complying with the guidelines in this regard."

3.5 The Committee further enquired whether the 6 days training is sufficient. In reply the witness stated :

"That is enough. The examinations are conducted in an objective way. The SC/ST are given training how to answer these questions."

3.6 The Committee appreciate that BSRB makes it known to all the SC/ST candidates in advertisement for the recruitment that a pre-recruitment training is arranged for them free of cost. The Committee also appreciate that all the candidates who approach the Bank for training are accommodated without any exception/refusal. The Committee hope that this type of work in this direction will continue to be maintained. in regional language papers.

3.7 The Committee further consider the present duration of 6 working days for preparing SC/ST candidates for written examination as well as for interview as insufficient. The Committee, therefore, recommend that the present duration of the training period for pre-recruitment should be suitably increased to make it more rewarding.

(b) IN-SERVICE TRAINING

3.8 Table below gives the number of employees given in-service training during 1990-92 and SC/ST amongst them :

Year	Total Number of employees	Of Which		Percentage
		General	SC/ST	
1990	14121	10340	3781	26.78
1991	11631	7845	3786	32.55
1992	12961	10510	2451	18.91

3.9 The Committee wanted to know the reasons for low percentage of SC/ST as compared to general employees provided in-service training during 1992. The Committee also wanted to know the reasons for sudden decline in percentage of SC/ST employees provided in-service training from 1991 to 1992.

3.10 It was stated that as per Bank's Training Policy, in a year one third of the staff are imparted training. Hence an employee generally will attend a training once in three years. Accordingly, SC/ST employees who have already undergone training in 1990-91, will get their next turn in 1993-94. However in pursuance to the suggestion made by the Parliamentary Committee on the Welfare of SC/ST which visited Indian Bank in July'93 it has been decided to decrease the periodicity of training for SC/ST employees. Accordingly the circular has been issued to all the nominating officers.

3.11 The Committee were informed that the Bank provides in-service training to one-third of the staff in a year. Hence an employee generally attend a training once in three years. Therefore, the employees trained will get their next turn after three years. The Committee appreciate the Banks decision to decrease the periodicity of training to SC/ST employees and issuing the circular to all the nominating officers in this regard. The Committee recommend that the Indian Bank must ensure that the decision is implemented in all the zonal/regional offices. The Committee also recommend the Indian Bank authorities to make all out efforts to ensure that there is sufficient proportion of SC and ST persons among the officers as well as clerks to be imparted in-service training so that this training equips them in large number to deal with the in-service matters efficiently.

PROMOTIONS

3.12. The Committee have been informed that the promotion in Indian Bank are covered by the promotion policy settlement entered with the Federation of Indian Bank Employees Union and it covers the promotions from sub-staff cadre to clerical cadre and from clerical cadre to officer cadre i.e. JMG Scale I. Under this policy there are two channels of promotions namely (i) Merit channel; and (ii) Seniority-cum-selectivity channel.

3.13 45% of the declared vacancies in officer cadre (JMG Scale I) are filled by Merit Channel of Promotion. Under this promotion the selection is made on the basis of aggregate marks obtained by the employees in the two parameters, namely (i) written test and (ii) performance in the Bank. The eligibility of the candidate to take up the written test for promotion depends upon fulfilling of minimum service criteria. 35% of the declared vacancies in officer cadre is filled by promotion from the clerical cadre staff who have completed a minimum of 6 years of service in case of general category and 4 years of service in case of SC/ST on seniority-cum-

selection basis. Under this channel, seniority list of employees is drawn and weightage is given to the educational qualification. The remaining 20% of the vacancies in officers cadre (JMG Scale I) is filled by direct recruitment. In addition to the above two channels, any clerical staff who acquires CA/ICWAI qualification shall be promoted to officer cadre immediately.

3.14 Table below indicates total number of employees promoted from clerical to officer grade and from sub-staff to clerical grade in Indian Bank during the years 1991, 1992 and 1993 :

Year	Category of Posts	Total No. of employees promoted	N. of SCs/ST promoted		Percentage		Shortfalls		
			SCs	STs	SCs	STs	SCs	STs	
1991 A. Clerical to Officer									
	i) On Merit	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	ii) On Seniority	192	29	14	15.1	7.29	Nil	12	Nil
	B. Sub-Staff to Clerical	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
1992 A. Clerical to Officer									
	i) On Merit	247	37	18	14.98	7.29	Nil	Nil	Nil
	ii) On Seniority	Nil	Nil	Nil	Nil	Nil	Nil	12	12
	B. Sub-Staff to clerical	150	22	2	14.67	1.33	Nil	24	24
1993 A. Clerical to Officer									
	i) On Merit	271	41	20	15.13	7.38	Nil	Nil	Nil
	ii) On Seniority	207	31	16	14.98	7.73	Nil	11	11
	B. Sub-Staff to Clerical	229	35	8	15.28	3.49	Nil	31	31

3.15 It is clear from the figures that there is backlog of 11 STs in the category of clerical to officers grade and backlog of 31 STs in the Category of sub-staff to clerical level. When the Committee enquired about the steps taken to wipe out shortfalls of STs in promotion from sub-staff to clerical and from clerical to officer grade, it was stated that the Bank has so far promoted all eligible ST candidates in the sub-staff cadre to the clerical cadre. The Bank stated the reasons for not filling up the shortfall of STs in promotion as per the Government rules i.e. 7.5% was due to low percentage of STs in the feeder cadre. The major area of operation of the Indian Bank is in the States of Tamil Nadu and Kerala where the ST population is just 1 per cent. In the feeder cadre of sub-staff, therefore, only 1% vacancies are filled by the ST candidates. However, in promotion from sub-staff to clerical cadre reservation are provided as per the reservation policy at the rate of 7.5% for STs. In view of this mismatch in recruitment to the feeder cadre and promotion to the clerical cadre enough number of ST candidates are not available for promotion, resulting in backlog. Similarly in the officers cadre, all ST candidates are selected with sufficient relaxations in qualifying standards under the selectively channel leading to a situation of no backlog under the category.

3.16 The Committee note that in promotion from clerical to officers grade there is backlog of 11 STs and from sub-staff to clerical grade, there is backlog of 31 STs during 1993 and the reason attributed for this shortfall is non-availability of ST candidates in the feeder cadre due to the low percentage (1%) of ST population in Tamil Nadu and Kerala which is the major area of operation of the Indian Bank. The Committee recommend that all out efforts should be made to clear this backlog.

CHAPTER IV

ORGANISATIONAL MATTERS

(a) SC/ST CELL

4.1 Since 1978 a SC/ST Cell in the Head Office (HQ) has been set up under the direct control of Liaison Officer who is of the rank of DGM to deal with implementation of reservation policy for SCs/STs. It consists of one officer (Scale II) and two clerk-cum-typists. One officer and one clerk of the SC/ST community. SC/ST cell at HQ is responsible for implementation of reservation orders of the Government in recruitment and in promotion. It maintains rosters as required under the Government order. It looks into the complaints/representations received from SC/ST members. The Cell at Zonal/regional offices were set up in 1988. The Cells at zonal/regional offices generally consist of one officer and one clerk and it remains under the control of zonal/regional Liaison Officer who is generally a Scale IV officer. The SC/ST cell at zonal office looks into the grievances of the SC/ST members of the respective zones/regions.

4.2 The Committee wanted to know as to whether it is necessary to include some SC/ST persons in each cell. The Committee were informed that there is no specific guideline to this effect. However, subsequent to the visit of officials from Banking Department during September 1993, and on their suggestion it was decided to include SC/ST members of the staff in the cell.

4.3 During the evidence when the Committee enquired about the existence of SC/ST cell in the Ministry the representative of the Ministry replied that SC/ST cell in the Ministry was a nodal point. This is a small cell to see that all the matters relating to SCs and STs vis-a-vis the instructions of the Department of Personnel and Training are strictly complied with. The cell consists of one Section Officer, three Assistants and two LDCs. Similarly for credit side there is another cell. Both these cells function as a total unit under one Under Secretary. Recruitment Cell and the credit cell have different approaches; one is following the Ministry of Personnel instructions and the other follows different policy/guidelines given by the Agriculture Ministry, RBI and the Ministry of Finance.

4.4 The Committee note that a SC/ST cell has been set up at Head Office in 1978 and -at Zonal/Regional offices in 1988. These cells, however, did not include any SC/ST member. It was only after the suggestion by the officials from banking department in September, 1993, during their visit to the Bank that it was decided to include SC/ST members of the staff in the cells. The Committee would like the Bank to ensure that the decision is implemented in all the cells not only at the head office but also in various zonal/regional offices. The Committee would like to be apprised of the implementation of the decision.

(b) FALSE CASTE CERTIFICATE

4.5 It has been stated that the 40 instances of securing employment on the basis of false caste certificate have come to the notice of the Bank.. These cases have been referred to the district magistrates concerned for verification. 16 cases verified by the district magistrates have been found to be false. When the bank initiated action for terminating their services, they approached the courts and obtained stay orders. In case of 24 other cases verification reports are still awaited.

4.6 The Committee were informed about the difficulty in verifying the false caste certificate. The certificates are verified by the District Collector and if found false cancelled. In such cases the employees concerned approach the court and the court liberally grant stay. In such cases the first defendant is the district collector and he has to get the stay vacated. The bank is taking steps to expedite the proceedings in the court and get the stay vacated. The representatives of Indian Bank expressed that they have no control on court cases.

4.7 The Committee regret to note that there were 40 cases of false caste certificates in the Bank. They are also unhappy to note that there is inordinate delay in verification of these certificates by the district magistrates and 24 cases are still pending with them for verification. The Committee desire that the matter should be vigorously pursued by the bank for early verification of all the certificates. The Committee also view with concern the delay in taking action against the guilty persons because of the delay in settlement of the cases in the courts.

4.8 The Committee would like to refer the landmark judgement of Supreme Court on the procedure for issuance of social status certificates, their scrutiny and their approval. It is stated in the judgement that in case, the certificate obtained or social status claimed is found to be false, the parent/guardian/ the candidate should be prosecuted for making false claim. If the prosecution ends in a conviction and sentence of the accused, it could be regarded as an offence involving moral turpitude, disqualification for elective posts or offices under the State or the Union or elections to any local body, Legislative or the Parliament. It is also covered under the judgement that as soon as the finding is recorded by the scrutiny committee holding that the certificate obtained was false, on its cancellation and confiscation simultaneously, it should be communicated to the educational institutions concerned or the appointing authority by registered post to cancel the admission/ appointment without any further notice to the candidate and debar the candidate from further study or continue in office in a post. The Committee recommend that necessary instructions according to the judgement of the Supreme Court may be issued to all the banks regarding false caste certificates.

PART - II CREDIT FACILITIES
CHAPTER V - CREDIT FACILITIES

(A) Organisational set up in the Ministry of Finance to review credit facilities to SCs/STs

5.1. It has been stated in the written information furnished to the Committee.

'A' separate cell for monitoring the flow of credit to persons belonging to SC/ST categories is in existence in the Banking Division (Deptt. of Economic Affairs). This Cell is now a part of Development Section. The Cell functions under the over all supervision of a Section Officer, the Under Secretary and at a senior level by Joint Secretary (Priority Sector) in the Banking Division.

5.2 Asked about the periodicity of review of flow of credit to SCs/STs by the Credit Cell in the Banking Division and when such review of Indian Bank was last made and outcome thereof. The Committee were informed by the Ministry through a written note as follows:-

5.3 The Banking Division holds a review meeting half yearly with the senior executives of public sector banks where the performance of public sector banks in extending credit assistance to priority sector including that of SC/ST beneficiaries is reviewed. The credit cell described above in the Banking Division prepares necessary information with regard to performance of public sector banks, on the basis of feed back received from them, regarding credit

facilities provided to SCs/STs and the same is reviewed and discussed in the above meeting alongwith other matters. The performance of public sector banks is also reviewed by RBI periodically and suitable steps are taken to make up the deficiencies noticed. The performance was last reviewed in March, 1993 and the banks have been advised to improve their performance in this regard.

(b) Credit Policy:

5.4 The Government have been giving much importance to Priority Sector Lending particularly in view of need for quicker upliftment of the 'weaker sections' and down trodden sections of the society. To achieve this objective, the Government's present credit policy aims at channelising the increasing flow of credit to the priority sector and in particular, to the weaker sections of the society. The Banks have been required to allocate 40% of their net bank credit to the priority sector and the advances to weaker sections are to reach a level of 10% of the total credit.

5.5 'Weaker Section' forms a part of 'Priority Sector' within the priority sector at present the weaker sections comprise of :-

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

5. DRI beneficiaries; and

6. SME beneficiaries

5.6 The inclusion of SCs and STs in 'weaker sections' was specifically made by the RBI in March 1984

Concessional finance is normally provided on the basis of economic status of a person/group. The SC/ST beneficiaries are considered as a separate category within 'weaker Sections'. This was done to ensure that if certain SC/ST beneficiaries do not fit into the other categories they would still be eligible for concessional finance as a part of the 'weaker sections' under priority sector.

5.7 The schemes formulated by the Bank for providing financial assistance/credit facilities to SCs/STs include loan schemes for financing crops, term loan schemes for minor irrigation purposes and development, sericulture, fish farming etc. SC/ST beneficiaries are assisted under schemes of Differential Rate of Interest (DRI), IRDP, SEEU, SEPUP, SME, special component plan schemes of State sponsored SC/ST Corporations like Tamil Nadu Adi Dravidan Housing and Development Corporations (TNAHDCO) etc. intended to benefit them through concessional rate of interest, subsidy benefits, margin money etc. The bank is also financing state sponsored corporation for SC/ST beneficiaries. In addition, Financial Assistance to SC/ST is also extended for carrying out the traditional activities e.g. leather work, weaving, tiny cottage and village industries directly or through co-operative societies.

(c) Priority Sector Advances:

5.8 Under the scheme of lending to priority sector, the Government of India/Reserve Bank of India has fixed that 10% of the total advances of the Bank should be for weaker sections of the society, SC/ST form part of weaker sections.

5.9 Priority Sector Advances during the last three years :

(Rs. in crores)

Total priority sector advances	Share of SC/ST in total priority sector advances		% share of SC/ST to total priority sector advance		
	No. of accounts	amount	No. of Accounts	Amount	
Dec. 1991	1560105	1928.00	264967	97.56	5.6
Dec., 1992	1543375	2205.30	242297	109.90	5.00
Dec., 1993	1629700	2247.00	248000	126.03	5.61

5.10 The Committee note that the amount disbursed under total priority sector advances as well as share of SC/ST has increased from 1991 to 1993 but the total number of accounts as well as SC/ST accounts under priority sector have decreased from 1991 to 1992 and mark further increase during 1992-93. The reason stated for a decrease in the total number of accounts as well as number of SC/ST out of them during Dec., 1991 to Dec., 1992 under priority sector advances is due to writing off of large number of small

borrowal accounts with outstanding balances leading to a reduction in the number of accounts..

5.11 When the Committee enquired about the reasons which led to further increase in the number of accounts, the Bank representatives informed that due to implementation of Credit schemes in association with TAHDCO, there is an increase in the credit level to SC/ST during 1992-93.

5.12 According to Government of India/RBI, 10% of the total advances of the Bank should be for the weaker sections of the society and SC/STs are included in the category of weaker sections.

5.13 The Committee enquired whether the Indian Bank is able to achieve the target of 10% of net Bank Credit to be disbursed to weaker sections and what proportion of the total credit under weaker sections has been assigned to SCs and STs.

5.14 The witness explained "In Dec., 1992, the target of 10 per cent has not been achieved. The Bank has not analysed the percentage of benefit which is going to SCs and STs out of the benefit which goes to the weaker sections. Now, the Indian Bank has asked to RBI to make a survey to identify the total beneficiaries and how many of them belong to SCs and STs.

5.15 The representative of the Ministry accepted during evidence that on credit side, there has to be a reservation of percentage in advances separately for the SCs and STs. In some schemes e.g. DRI, IRDP, SEPUP and SEEVY, percentage

of SCs/STs is fixed by the Government but in the case of small and marginal farmers, rural artisans etc., no percentage is fixed. The Ministry has asked the Reserve Bank of India to make an assessment of coverage.

5.16 The Committee note that the Indian Bank has not achieved the target of 10% of the total bank credit to be given to weaker sections under priority sector. Secondly, the Bank has not analysed the percentage of SC/ST beneficiaries out of the total beneficiaries covered under weaker sections. Keeping in view the above points, the Committee recommend as agreed during the evidence by the representatives of Indian Bank that an evaluation study should be conducted by the RBI to analyse the total beneficiaries under priority sector and percentage of SC/ST beneficiaries out of weaker sections. The Committee would like to be apprised of the outcome of the study conducted by RBI at the earliest.

5.17 The Committee further note that under some credit schemes for weaker sections, such as DRI(40%), IRDP(50%) SEPUP(50%) and SEEUJY (30%) the specific percentage of total credit to be given to SC/ST has been laid down (mentioned in brackets) but in case of small and marginal farmers, rural artisans etc., no percentage of credit advancement to SC/STs has been provided.

5.18 As regards fixing of percentage of credit for SC/ST in respect of two schemes mentioned above, the representative of the Ministry agreed that a similar percentage could be fixed. The Committee recommend that a minimum percentage of credit to be extended to SC/ST under these schemes may also be fixed soon and steps taken to ensure that the SCs/STs get the advances under these schemes as per the target fixed for them in other schemes.

(d) Performance of IB in lending to SCs and STs under DRI Scheme :

5.19 In order to ensure that weaker sections of society derive maximum benefit under the scheme, the Banks have been directed to lend at least 1% of their aggregate advances as at the end of previous year at a concessional rate of interest at 4% per annum. Out of the total advances under DRI, 40% should be the share of SC/STs. The conditions to get the loan under DRI scheme are :-

(i) All persons whose family income from all sources does not exceed Rs.7200/- p.m. in urban and semi-urban areas and Rs.6400/- in rural areas are eligible for assistance.

(ii) The applicant should not own any land or the size of his holding should not exceed one acre in the case of irrigated land and 2.5 acres in the case of un-irrigated land. Members of SCs/STs are eligible for the loan irrespective of their land holdings but they have to satisfy the income and other criteria.

(iii) The applicant should not incur liability to two sources of finance at the same time.

5.20 The percentage share of advances to Scheduled Caste/Scheduled Tribe beneficiaries under DRI scheme for each of the last three years is as under:-

(Rs. in crores)

Year	Total DRI Advances		of which to SC/ST		% of SC/ST to total DRI advance
	No. of A/cs	Amount	No. of A/cs	Amount Rs.	
1991	120320	27.50	73395	18.98	69%
1992	107436	24.53	67685	16.43	67%
1993	122000	30.00	59000	16.80	56%

5.21 The Committee have been informed that RBI has stipulated the share of SC/ST as 40% of total beneficiaries. The Committee observed that amount disbursed under DRI Scheme has increased from De., 1992 to De., 1993 but the disbursement made to SC/ST beneficiaries as well as percentage share of SC/ST to total amount has declined though the Bank has achieved the target of 40% stipulated by RBI for SCs/STs. When asked the reasons for the decline, the Committee were informed that the beneficiaries belonging to SC/ST chose to avail of loans under more attractive subsidy linked credit schemes like IRDP, SEEVY, SEPUP and SUME instead of DRI schemes with concessional rate of interest.

5.22 The Ministry further informed that the percentage of amount disbursed to SC/ST was 69% in 1991, 67% in 1992 and 56% in 1993. The figures show that though the percentage share of SC/ST to total share declined from 1991 to 1993 but the achievement was more than the 40% which is the norm for share of SC/ST assigned by RBI.

5.23 The Committee note with satisfaction the performance of Indian Bank in achieving their annual targets under the DRI scheme. The percentage of amount disbursed to SC/ST was 69% in 1991, 67% in 1992 and 56% in 1993 which is more than the target of 40% for SCs/STs stipulated by RBI and hope that Bank will continue such efforts in future also.

5.24 The Committee note that the norm regarding deployment of 1% of the previous years total advances of the banks towards DRI was fixed in November, 1978. The Committee feel that since more than 15 years have intervened since the norm last revised, the matter requires a fresh look so that the norm is suitably revised 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 . and its outcome communicated to the Committee.

(e) Integrated Rural Development Programme (IRDP):

5.25 This is a poverty alleviation and employment oriented programme for the rural poor, centrally sponsored and funded by the Centre and States on 50:50 basis extending to all the development blocks in the country. A family having an annual income of Rs.11000/- or less is considered to be a family below the poverty line. However, applicants whose annual family income is below Rs.6000/- are given first preference. Small and marginal farmers, landless labourers, share croppers, rural artisans are assisted under the scheme. The subsidy is given at 25% in case of small farmers and 33% in case of marginal farmers/landless labourers and rural artisans and 50% for SC/ST beneficiaries and physically handicapped. The applications will be forwarded by the DRDA authorities.

Loan disbursements made under IRDP :

5.26 Disbursement of advances under IRDP by IB during 1991 to 1993 are as under :-

(Rs. in crores)						
	Total No. of beneficiaries	SC/ST beneficiaries	% of SC/ST beneficiaries to total benef.	Total amount disbursed	amount disbursed to SC/ST	% to total disbursement
Dec.1991	37284	13638	37%	2080.70	726.02	35%
Dec.1992	35915	11913	33%	1992.75	676.40	34%
Dec.1993	27985	9708	35%	1483.98	509.37	34%

5.27 It may be observed from the above data that the total number of SC/ST beneficiaries as well as amount disbursed to SCs/STs have declined from 1991 to 1993.

5.28 According to guidelines issued by the RPI, share of SCs/STs under the programme is stipulated at 50% and the achievement by Indian Bank is 35% during 1991 and 34% during 1992 and 1992. The reasons stated for not achieving the target is that the required number of applications could not be sponsored by the DRDA authorities.

5.29 The Committee note that the performance of Indian Bank under the IRDP has not been satisfactory during 1991 to 1993. The percentage of credit for SCs and STs was 35 in 1991 and 34 in 1992 and 1993 against the norm of 50%. The Committee recommend the Indian Bank to make concerted efforts to accomplish stipulated targets for SCs and STs under IRDP.

(f) Performance of IB in lending to SCs and STs under SEEU, SEPUP and SUME Schemes:

5.30 The following special concessions are given to SCs/STs under SEEU, SEPUP and SUME schemes having component of institutional credit.

1. Under SEEU, 30% of the beneficiaries should be SC/ST. This scheme is subsumed by Prime Minister Rozgar Yojna (PMRY) since 1.4.94.
2. Under SEPUP, 30% of the amount and accounts should be for SC/STs. It has been subsumed by SUME since 1.4.92.
3. No targets for SC/STs have been fixed under the SUME scheme. However, SC/ST are to be given weightage in proportion to their population share in the total urban population for providing assistance under the scheme. SEPUP is merged with it.

5.31 The targets prescribed for SCs/STs under the SEEUY, SEPUP and SUME Schemes and the performance of IB in achieving these targets is stated to be as under :-

(Rs. in Lakhs)

	SEEUY			SEPUP			SUME		
	No. of SC/ST beneficiaries assisted	Amount	% of SC/ST to total beneficiaries	No. of SC/ST beneficiaries assisted	Amount	% of achievement to total benef.	No. of SC/ST benefited	Amt. disbursed	% of achievement to total benef.
Dec. 1991	303	56.14	13	1237	47.04	22	1917	70.39	21
Dec. 1992	284	46.52	15	728	23.77	27	1317	69.58	21
Dec. 1993	217	48.09	17				1254	65.33	18
				Scheme merged with PMRY since 1.4.94					
				Scheme merged with SUME w.e.f. 1.4.92					

5.32 BEEUY The scheme is being implemented since 1983-84. The scheme aims at providing opportunities to the educated unemployed youth to undertake self-employment ventures in the areas of industry, services and business with 25% capital subsidy on the project cost. The scheme is implemented in all parts of the country other than metropolitan cities where population is more than 10 lacs.

5.33 The figures furnished by the bank indicates that the number of SC/ST beneficiaries as well as amount disbursed to SC/ST have decreased from 1991 to 1993. The % of SC/STs to total beneficiaries was 13 in 1991, 15 in 1992 and 17 in 1993. The scheme earmarks 30% of the amount and accounts for SC/STs but the target could not be achieved during the last 3 years. The reason stated for shortfall was due to non-receipt of adequate loan applications from the sponsoring agency.

5.34 -- The Committee observe with dismay that the total amount of advances made to SC/STs under SEEU scheme has gone down from 1991 to 1993 and the targets laid down for SC/STs under these schemes had never been achieved in any of the years from 1991 to 1993. The Committee have been informed that non-receipt of adequate loan applications from SC/ST beneficiaries was the main reason for not meeting the targets. The Committee recommend that the Government should review the procedure for sanctioning of loan under the scheme and the revised procedure may be included in PMRY since the scheme has been merged with PMRY w.e.f. 1.4.94 so that the prescribed target of SC/STs is achieved by the IB in the newly introduced scheme.

SEPUP :

5.35 The scheme was introduced to increase the income of the urban poor living below the subsistence level and to provide self-employment to them. The Committee note that the number of SC/ST beneficiaries assisted as well as amount disbursed under SEPUP scheme declined from 1991 to 1992. The percentage of achievement was below 22 in 1991 and 27 in 1992 which was below the target of 30% earmarked by the Government.

5.36 The Committee have been informed that SEPUP schemes has been merged with SUME w.e.f. 1.4.92. The Committee hope IB to make concerted efforts to improve the proportion of SC/STs under the new scheme though the targets for SC/STs have not been fixed under the SUME scheme.

SUME :

5.37 The scheme formulated by Government of India was introduced in the year 1990-91 in all Municipal and Corporation areas. The maximum credit assistance given per individual is upto Rs.15000/- for SC/ST and women beneficiaries and Rs.12000/- for others. Eligible subsidy under the scheme for SC/ST and women beneficiaries is Rs.5000/- and Rs.4000/- for others.

5.38 The figures furnished by the Bank indicate that under the Scheme SUME the number of SC/ST beneficiaries assisted as well as amount disbursed have decreased from 1991 to 1993. The percentage of SC/ST beneficiaries was 21 in 1991 and 1992 but it further declined to 18 during 1993. Though the targets for SC/STs have not been fixed under the scheme, the Committee is concerned about the declining trend of SC/ST beneficiaries under the scheme. The Committee recommend the IB to make all out efforts to improve the percentage of SC/ST beneficiaries under this Scheme. If possible, the target for SC/ST should be fixed since the SEPUP scheme which had the norm of 30% of the total credit to be given to SC/STs has been merged with SUME and SEPUP had not been achieving its targets during 1991-92.

5.39 Considering the credit achievements of IB, the Committee note with dismay that the share of SC/ST under IRDP was 50% but the latest achievements works out to be 36%. The achievement under SEEUY was 17% while the target was 30%. The reason of non-receipt of adequate loan applications from SC/ST beneficiaries is not at all convincing for not achieving the targets under IRDP and SEEUY. Similarly, the latest achievement under SEPUP was 27% while the target was 30%. The Committee regret to note that the total amount of advances made by the IB

under the schemes such as IRDP, SEEUY and SEPUP and even in SUME, have come down from 1991 to 1993 and the targets laid down for SCs/STs under these schemes had never been achieved in any of the years from 1991 to 1993. In the case of IRDP and SEEUY schemes, achievements had been far below the targets.

5.40 The Committee recommend the Indian Bank to improve upon its performance in lending to Scheduled Castes and Scheduled Tribes under all the credit schemes, which are very important as these are related to self-employment ventures. The Committee recommend that an evaluation study must be conducted by RBI to analyse the reasons for not achieving the targets of SC/ST beneficiaries under all the credit schemes and what action has been taken by the bank against the regional branches which are not adhering to the guidelines issued by RBI. The Committee would like to be apprised of the outcome of the study conducted by RBI at the earliest.

(g) OTHER SCHEMES FOR SCs/STs

5.41 The HVCs in association with TAHDCO has been in operation in the bank since Jan. 1990 for the exclusive benefit of SCs/STs. Any member of SC/ST unemployed/under employed who has not availed of any other subsidy linked Government sponsored loan with concessional rate of interest and is sponsored by TAHDCO is eligible for assistance under this Scheme. The purpose for providing loan under this scheme is to undertake any gainful productive enterprise in the agriculture, industrial or service sector involving a total project cost upto Rs.5.00 lakhs. Under the Funding Pattern of the scheme TAHDCO's subsidy is Rs. 15,000/- and 20% of the project cost subject to a maximum of Rs.85,000/- is declared as soft loan by TAHDCO at 4% interest. The loan can be repaid in lumpsum or monthly/quarterly/half yearly instalments depending upon the nature of activity financed and source of income generation, over a period of 3 to 7 years.

5.42 When the Committee desired to know the major employment projects for which loans were provided under HVCs, the Committee were informed that the major projects financed under HVCs, in association with TAHDCO are:-

- i) Road Transport operators for Auto lorry, vans, tempo etc.
- ii) Agriculture sector - Purchase of agricultural machinery like tractor, power tiller etc.

iii) Industries/services/business sector - setting up of small industrial units like - rope making, mat weaving petty shops etc., xerox copying units, ISD/STD/FAX operations, retail shops.

5.43 The outlay of funds under HVCs in association with TAHDCO during the last three years were as under:-

2.	<u>PERIOD</u>	<u>NO. OF BENEFICIARIES</u>	<u>AMOUNT</u> <u>(Rs. IN LAKHS)</u>
	1989-90	41	37.25
	1990-91	305	438.81
	1991-92	152	194.49
	1992-93	294	329.97
	1993 - as on 1.1.94	287	304.78

3. The reasons stated for decrease in the number of beneficiaries and amount disbursed during 1991-92 were time lag and there were instances where the applicants were not confirmed to the norms resulting in rejection of applications.

5.44 The Committee note that SLRs covers all scavengers in Rural, semi-urban and urban areas belonging to other communities. Under this scheme projects costing upto Rs.50,000/- are funded. Of this, Rs.32,500/- is sanctioned by way of bank loan and Rs.7,500/- as margin money loan at 4% interest and the balance as subsidy. No further additional securities are required except the hypothecation of assets to be financed. The loan is repayable over a period of 3 to 7 years. The scheme is in the pipeline.

5.45 The Committee note that under High Value Credit Scheme which is run by Indian Bank in association with TAHDCO the number of beneficiaries decreased from 305 to 152 during 1990-91 and was 294 in 1992-93. Similarly the amount disbursed also decreased from Rs.438.81 lakhs in 1990-91 to Rs.194.49 lakhs in 1991-92 and was Rs.329.97 lakhs in 1992-93 and Rs.304.78 in 1993-94.

5.46 The reason of rejection of application led to the decrease in number of beneficiaries and amount disbursed is not convincing. The Committee recommend Indian Bank to consider if further relaxation can be provided to increase the credit amounts under HVCS run by Indian Bank in association with TAHDCO. The Committee would like to be apprised of the outcome of the action taken.

(h) EDUCATIONAL LOAN SCHEME

5.47 The Committee have been informed that the educational loans are granted to students of merit. Indigent students whose annual income does not exceed Rs.12,000/- going in for higher education and who do not get scholarship/maintenance grants from Government or educational authorities are considered for loans. The applications for loans upto Rs.6500/- are sanctioned at the branch level and sanctioned under DRI Scheme at 4% interest. The loans are repayable in monthly instalments commencing 6 months after completion of the course or immediately after getting employment whichever is earlier. The educational loans are provided for technical professional courses at graduate/post graduate levels, computer education with placement assurance and computer education with check off facility.

5.48 The amount advanced under educational loan scheme to SC/ST students during the last three years in comparison to general students is as under :

(Rs. in lakhs)

Period	Total Educational loan sanctioned		Of which to SCs/STs	
	Number of Students	Amount	Number of Students	Amount
1990-91	261	40.00	-	-
1991-92	324	47.53	8	0.54
1992-93	517	195.18	8	2.35

5.49 In response to a query by the Committee regarding the revision of educational loan scheme to make it more attractive by providing more concessions for SC/ST students, it was stated that in view of the fact that the SC/ST candidates are already extended scholarships, grants etc. liberally by State Governments and Government of India, the bank credit for prosecuting higher studies by these candidates is not being availed. However, the bank is willing to relax the terms and conditions for SCs/STs in the existing scheme, if need be and so desired by Government of India/Reserve Bank of India.

5.50 When the Committee desired to know the number of SC/ST students provided loans for studies abroad and amount sanctioned to them, it was stated that the bank has not granted educational loan to SC/ST candidates for studies abroad.

1991-92, the total number of applications for educational loans were 324 out of which SC/ST applicants were 8 i.e. 2.49% only. Similarly during 1992-93 the total number of applications were 517 out of which SC/ST applicants were 8 i.e. 1.5% of the total. The Committee further regret to note that no SC/ST students has been provided educational loan for studies abroad by the Indian Bank.

5.52 The Committee are unhappy to note the poor representation of SC/ST under this scheme during 1990-91, 1991-92 and 1992-93 and recommend that bank should make all out efforts to increase the number of SC/ST beneficiaries in the educational loan schemes. The Committee would like the Indian Bank to consider, as agreed by the Bank, the point of giving further concessions/relaxations in favour of students belonging to SCs and STs so as to make educational loan schemes within the country and abroad more popular to them.

(i) LOAN TO RURAL ARTISANS AND SMALL SCALE INDUSTRIES

5.53 SC/ST rural artisans physically engaged in the fields of cottage and rural industries are eligible for loans under DRI Scheme.

5.54 Table below gives the total advances given by the Bank to small scale industries and rural artisans as on 31.3.1993 :

Total Advances given by the Bank to small scale Industries as on 31.3.1993		Of which to SCs/STs entrepreneurs	
No. of borrowers	Amount	No. of borrowers	Amount

i)	49874	814.38	1992 (4%)	6.93
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of (i) above, artisans and village and cottage industries

ii)	12451	18.00	491 (4%)	1.76
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5.55 The Committee have observed that out of total advances given by the Bank to small scale industries and rural artisans, only 4% are given to SCs/STs when the Committee desired to know the reasons for disbursing such a small amount to SCs/STs, it has been stated that the number of applications from SC/ST were comparatively less due to lack of awareness among them about these schemes.

5.56 The reasons for low number of applications from SC/ST stated by Indian Bank are as under :

i) Due to lack of awareness among SC/ST about the Schemes.

- ii) the assistance sought for conventional areas of activity require lower among the assistance per unit.
- iii) due to their preference for job over self-employment venture.

5.57 As they have priority in job allocation, they prefer to wait for a job than taking a bold decision for entrepreneurship. Lack of exposure of this class in general to big industries which may be a hurdle in acquiring wider net work of contacts and marketing skills (which could be easily acquired by those who had prior exposure) may be a major restrictive factor in taking up unconventional and innovative industrial ventures.

- (iv) there is no specific concession in credit norms for SSI advances except the specific subsidy schemes.

5.58 The Committee further enquired as to whether the bank arrange training for the prospective borrowers to make them proficient in handling the job before disbursing loans to rural artisans and small scale industries. The representative of the bank replied that training under the TRYSEM scheme in rural areas. Apart from this, bank also extends support/assistance in the training programmes conducted by respective Government Departments, like Agriculture/Sericulture, DIC, SISI, ITCOT etc. The bank further informed that SC/ST candidates are also supported by counselling and financial assistance through our specialised cells for new enterprises (under New Enterprises Development Agency) Cells) and for women (through women enterprises cells) located at Head Office/Zonal Offices. Wherever feasible they are coordinated for requisite skill training, skill upgradation through local DIC and other agencies.

5.59 The Committee feel unhappy about the poor representation of SC/ST under the loan schemes to rural artisans and small scale industries. The total number of borrowers as on 31.3.1993 were 49874, of which SCs/STs were 1992 i.e. 4% only. Of the total borrowers under this 12451 were artisans and indulged in village and cotton industries, of which 491 were SCs/STs i.e. 4% only. The reasons stated for poor SC/ST representation are lack of awareness, preference for job, lack of exposure to industries and lack of specific concession in credit norms. Keeping in view of these reasons, the Committee recommend that the Indian Bank should make all out efforts to make SC/ST people aware of these credit schemes. The Committee further recommend that the Indian Bank should also arrange training exclusively for SCs/STs to make them proficient in handling the jobs under these schemes.

(J) LEAD BANK SCHEME

5.60 The Committee have been informed that the Indian Bank has lead responsibility in 10 lead districts, majority ~~was~~ of which are in Tamil Nadu (16), Andhra Pradesh (2), Kerala(1) and Pondicherry (1).

5.61 The performance of Indian Bank under Agriculture, Industries and Services both in lead and non-lead districts during financial years of 1990-01, 1991-92 and 1992-93 is given below :

(Rs. in Lakhs)

Year	Agriculture		Industries		Services		Total	
	Target	Achiev. %	Target	Achiev. %	Target	Achiev. %	Target	Achiev. %
<u>1990-91</u>								
Lead	16506.87	17815.35	2669.38	2512.44	2787.68	2913.59	21963.93	23241.68
Non-Lead	11122.80	12784.01	4491.64	3539.19	3826.93	3770.74	19441.37	20093.94
Total	27629.67	38599.36	7161.02	6051.63	6614.61	6684.33	41405.30	43335.62
<u>1991-92</u>								
Lead	21232.58	19495.67	3194.84	2628.22	3469.81	1782.03	27896.43	23985.92
Non-Lead	12844.87	14615.95	3515.18	3612.68	4380.83	2820.48	20740.88	21049.11
Total	34877.45	34111.52	6709.22	6240.90	7350.64	4602.51	48637.31	44955.03
<u>1992-93</u>								
Lead	22827.10	21076.35	3562.78	2884.62	7386.80	1907.92	28396.68	25869.39
Non-Lead	13314.80	11993.48	4234.72	2576.19	3631.09	2228.62	21180.61	16798.29
Total	35341.90	33070.33	7797.50	5460.81	6437.89	4136.54	49577.29	42667.68

5.62 The Committee observe from the statement of targets and achievements in lending under annual credit plan furnished to them for 1990 to 1992, that achievement of the bank during 1991-92, and 1992-93 are far below the targets in all the three sectors except in non-lead districts during 1991-92. The Committee therefore desire the Indian Bank to make all out efforts for achieving the targets in these sectors in future to safeguard the interest of the poor masses.

(k) CREDIT CAMPS IN THE LEAD DISTRICTS

5.63 The Committee were informed that the Indian Bank conducted credit camps in the lead districts between 1985 and 1989. 27 credit camps were arranged during 1985 to 1989. During the last three years no such credit camp was organised except one which was conducted by State Government in Union Territory of Pondicherry during 1992-93 for disbursement of amounts to DDA beneficiaries.

5.64 The Committee enquired the reasons for not arranging the credit camps in lead districts in the last three years. The representatives of the Indian Bank replied that the information furnished for the period from 1985 to 1989 pertains to accelerated credit assistance through credit camps for mass loaning programmes. Besides this accelerated credit assistance the bank has been also conducting the credit camps in normal course at village level under Government sponsored schemes in order to expedite the loaning process on a continuing basis so that procedural formalities before sanctioning the loan are reduced. This is done with participation of the local block development officials under schemes like IRDP. It was further informed that this process would continue as it helps the beneficiaries to get the loan expeditiously.

5.65 The Committee further enquired about the arrangement existing in the Regional/Zonal branches of the Indian Bank to organise credit camps. The Committee were

informed that the branches organise the credit camps involving the services of officials from regional offices. In many districts the schedule of credit camps is fixed by the Collector/DRDA. in DCC meetings. The Committee wanted to know whether any specific study about these credit camps has been conducted by Indian Bank. It was stated that the bank has not made any specific study about these credit camps.

5.66 Table below gives the number of beneficiaries and share of SCs/STs :

Period	Total number of employees	No. of beneficiary assisted by I.B.	No. of beneficiaries belonging to SCs/STs	Percentage of SC/ST
1985-89	53738	2347	753	32.1
1990	675	94	32	34.0

5.67 The achievement percentage at 32.1% and 34.01% are satisfactory with the stipulated norms of 30% under schemes like SEEU and SEPUP but it is below the norm of 40% under DRI and 50% under IRDP.

5.68 The Committee note that the Indian Bank has assisted 2347 beneficiaries in total during 1985 to 1989 in credit camps, of which 753 belong to SCs/STs i.e. 32.1%. Similarly during 1990, 94 beneficiaries have been assisted of which 32 belong to SCs/STs i.e. 34%. The Indian Bank has not furnished the figures of total beneficiaries and SC/ST out of them under ~~the~~ different credit schemes. Therefore, the targets achieved under different credit schemes cannot be analysed.

5.69 The Committee also note that the Indian Bank has not made any specific study about these credit camps. The Committee recommend that the bank should arrange a system of conducting study about the amount disbursed under different credit schemes, targets achieved and any other finding at zonal/regional level. The report on the performance of these credit camps will help in making comparative analysis.

(1) HOUSING LOAN FOR SCHEDULED CASTES AND SCHEDULED TRIBES

5.70 The Committee have been informed that there are two housing schemes direct and indirect. Under direct housing schemes, individuals, group of individuals including cooperatives are extended loans for acquisition/construction of residential house/flat or acquisition of plot and construction of house, upto Rs.3.00 lacs, depending on the cost of the housing unit and repayment capacity of the borrowers. Such direct housing loans are also extended for repairs/upgradation upto Rs.30000/- per dwelling unit. The loans are recoverable in monthly instalments upto 15 years. There is no separate subtargets for SCs/STs under this scheme to be achieved by Bank.

5.71 Total ~~mm~~ amount of direct housing loan granted by Indian Bank to SC/ST during the last three years 1991-92 is given below :

Year	General		SCs/STs	
	No.of A/cs	Amount	No.of A/cs	Amount
Dec.1991	995	503.65	165	29.38
Dec.1992	443	237.72	41	19.93
Dec.1993	293	102.71	62	16.25

5.72 When the Committee desired to know the reasons for a continuous decline in the amount disbursed to SC/ST beneficiaries during 1991 to 1993, it has been stated that as the housing loan schemes do not help the beneficiaries in generation of direct income for servicing the loan availed as compared to other schemes of SC/ST corporations/slum clearance boards etc. which provide housing with attractive subsidy and margin money to them and there is no preference for direct housing loans by SC/ST beneficiaries.

5.73 Under all the housing schemes, there is a substantial share for dwelling units for SCs/STs.

5.74 It has been further stipulated that of the total allocation 30% should be provided by way of direct lending of which at least half i.e. 15% of the total allocation, should be given as direct housing loans in rural and semi-urban areas. Out of the remaining 70% would constitute indirect lending and investments in secured bonds and debentures of HUDCO and NHB.

It has been further informed that the security for housing loan is mortgage of property or Government guarantee. If neither is feasible, security of adequate value in the form of LIC policies, GP Notes, shares and debentures, gold ornaments or such other security as deemed appropriate.

5.75 The Committee note that there is no separate target for SC/ST under direct housing schemes. The Committee also note that the total amount of direct housing loan granted by Indian Bank to SCs/STs during 1991 to 1993 has declined continuously. The reason stated for the decline was that the other schemes provide housing loan with attractive subsidy and margin money. The Committee recommend that the Bank must allocate targets for SC/STs, under direct housing schemes, otherwise the special attention given to these weaker sections would be ignored. The Committee also recommend that the Bank should make certain changes if possible, in the existing direct housing scheme to make it more attractive for SCs/STs.

5.76 The Committee further note that the security for housing loan is mortgage of property or Government guarantee, besides, value in the form of LIC policies, GP Notes, shares and debentures, gold debentures, gold ornaments are also considered. The Committee find that a large population of SCs/STs are engaged in jobs like landless labourers and daily wage workers, for them, showing security for housing loan is difficult as they are lacking these assets. The Committee, therefore, recommend that the Bank should mortgage the house or plot which even is available from SC/ST loanee and they should not be asked for any other security in the form of LIC policies, shares and debentures, and gold ornaments etc. The Committee further recommend that the guidelines in this respect should be suitably amended in favour of SCs/STs to relax the security criteria for housing loan.

CHAPTER VI

OTHER MATTERS

(a) LOAN APPLICATIONS

6.1 Table below gives the number of applications received and number of SC/ST applications out of them during the last three years :

	<u>All Categories</u>			<u>of which SC/ST</u>		
	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
Total number of applications received	552936	375939	484961	94237	51150	61832
Sanctioned	497642	319548	397668	85670	41541	55673
Rejected	44269	45113	55673	6853	7401	8729
Pending as on 31.12.93	11025	11278	29098	1714	2208	3491

6.2 The Committee note from the figures furnished by Indian Bank that 6853 loan applications of SCs/STs were rejected in 1991, the rejected applications increased to 2208 and 3491 during 1992 and 1993 respectively, the reasons stated for rejection of loan applications to SC/ST were :

- 1) Applications not fulfilling eligibility criteria. like age, income, etc. applicable to certain schemes.
- 2) Applications falling outside our service area villages.
- 3) Applicant may be a beneficiary under some other subsidy linked scheme.

- 4) Project/Activity proposed may not be economically viable.
- 5) Activity proposed might have already reached saturation in the area.
- 6) The applicant may be enjoying credit facilities with other banks which are overdue.

6.3 The Committee note that the pending loan applications of SC/ST have increased continuously during the last three years. 3491 loan applications of SCs/STs were pending as on 31.12.1993. When the Committee enquired about the reasons for pending applications, it was furnished in a PER that non receipt of particulars called for and in sufficient particulars in the applications and non-receipt of subsidy/margin money from the sponsoring agencies wherever applicable were the reasons that pending loan applications could not be considered.

6.4 The Committee further asked whether a study has been conducted by Indian Bank/RBI about the ground of rejection of loan applications of SCs/STs. The Committee have been informed that a study about the ground of rejection of loan applications of SCs/STs has not been conducted by the Bank. But it has been stated in a PER that Bank proposed to conduct a study in respect of schemes like SUME and credit schemes of TAHDCO for the reasons of rejection of loan applications of SCs/STs.

6.5 In respect of evaluations study the Committee have been informed that study on TAHDCO had already been conducted and field level enquiries have been completed.

6.6 The Committee note that 8729 loan applications of SCs/STs were rejected in a year and 3491 cases were pending as on 1.1.1994. The Committee regret to note that a study regarding ground of rejection of loan applications of SCs/STs has not been conducted by the Banking Division of Ministry of Finance and the Indian Bank. As the Bank proposes to conduct a study regarding these schemes the Committee would like to be apprised of the outcome of the study conducted by the Indian Bank regarding ground of rejection of loan applications under different credit schemes. The Committee further note that an evaluation study only on TAHDCO has been conducted by the Bank but not in case of other credit schemes. The Committee recommend that evaluation study on other credit scheme should also be conducted by the Bank to help the Committee in reviewing the performance of SC/ST beneficiaries under the credit schemes.

(b) RECOVERIES OF LOAN FROM SC/ST UNDER DIFFERENT SCHEMES

6.7 The percentage of recovery for the last three years in respect of SC/ST beneficiaries as compared to other given below :

Period	Percentage of Recovery	
	SCs/STs	Others
1990-91	30.38	32.00
1991-92	27.56	28.50
1992-93	25.21	25.70

6.8 When the Committee enquired about the major reasons of poor recoveries of loans from general as well as SC/ST, the reasons stated for poor recoveries of loans were :

- 1) Failure of business/activity of the borrower, non-availability of assets/disposal of assets.
- 2) Fear of the borrower that he may not be financed again as he had defaulted in prompt repayment of the loans availed earlier.
- 3) Diversion of funds for other unforeseen/consumption/unproductive purposes.
- 4) Wilful defaulters.
- 5) Viability getting affected due to lack of linkage and infrastructure facilities particularly lack of marketing support.
- 6) Due to large number of borrowal accounts at some of the branches the follow-up was not adequate.

6.9 The Committee further asked about the special measures taken by the Bank to recover the loans during the last three years. The special measures taken by the Bank to recover loans were stated as :

- 1) Conducting recovery camps to bring awareness on prompt repayment in all service area villages on an ongoing basis with all field level personnel and Govt. agencies. Branches have been advised to conduct at least one recovery camp in a month during Non-Public Business Working day at rural branches.
- 2) Contacting chronic defaulters individually by the field level staff to press/persuade for payment of overdues.
- 3) Utilising mass media like T.V., Radio etc. for impressing the borrowers on repayment.
- 4) Honouring the borrowers who are very prompt in repayment in village meet/functions.
- 5) Legal proceedings wherever necessary.
- 6) Preference of claims with DICGC after exhausting all ~~xxxx~~ avenues of recovery.
- 7) Rephasing of repayment schedule in respect of genuine difficulty faced by the borrowers.
- 8) Maximum utilisation of non-banking working day in the effective recovery of overdues.
- 9) Summoning of the borrowers by the Block Officials at a particular time for repayment.
- 10) Addressing of individual letters by Regional Managers in case of all high value overdue accounts.

6.10. The Committee note that the recovery position from SC/ST borrowers as well as general category borrowers has been very poor and the percentage of recovery has also declined during the last three years. The Committee feel that the poor recovery will become an obstacle in further lending. The Committee recommend that an indepth study about the problem of the recovery of loans in general and from SC/ST borrowers in particular in priority sector should be made by the Indian Bank so that ways and means are devised to effect timely recovery of loans from borrowers including SCs/STs.

6.11 Reviewing the overall performance of the Indian Bank, the Committee note that there is a general trend of decline in the system of credit lending to SC/STs. The standard reason of non-receipt of adequate loan application from SC/ST beneficiaries is not convincing. The Committee is of the view that there are some lacunae in the lending procedure followed by Indian Bank. The Committee recommend the RBI to review the performance of credit facilities provided to SC/STs and issue the guidelines to Indian Bank to improve the credit facilities. The Committee must be apprised of the action taken by RBI.



AUTHENTICATED COPY

PARAS RAM BHARDWAJ
Chairman,

Committee on the Welfare of
Scheduled Castes and
Scheduled Tribes.

New Delhi
December, 1994
Agrahayana, 1916 (S)