

## FOURTH REPORT

## COMMITTEE ON PETITIONS

(SEVENTEENTH LOK SABHA)

**MINISTRY OF FINANCE**

(DEPARTMENT OF FINANCIAL SERVICES)

(Presented to Lok Sabha on 6.3.2020)



LOK SABHA SECRETARIAT  
NEW DELHI

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## COMPOSITION OF THE COMMITTEE ON PETITIONS

(2019-20)

Dr. Virendra Kumar - *Chairperson*

### MEMBERS

2. Shri Anto Antony
3. Shri Sukhbir Singh Badal
4. Shri Harish Dwivedi
5. Shri P. Raveendranath Kumar
6. Shri P.K. Kunhalikutty
7. Dr. Sukanta Majumdar
8. Shri Sanjay Sadashivrao Mandlik
9. Smt. Anupriya Patel
10. Dr. Bharati Pravin Pawar
11. Shri V. Srinivas Prasad
12. Shri Brijendra Singh
13. Shri Sushil Kumar Singh
14. Shri Prabhubhai Nagarbhai Vasava
15. Shri Rajan Vichare

### SECRETARIAT

- |                            |   |                     |
|----------------------------|---|---------------------|
| 1. Shri T.G. Chandrasekhar | - | Joint Secretary     |
| 2. Shri Raju Srivastava    | - | Director            |
| 3. Shri G.C. Dobhal        | - | Additional Director |
| 4. Shri Harish Kumar Sethi | - | Executive Officer   |

## FOURTH REPORT OF THE COMMITTEE ON PETITIONS

(SEVENTEENTH LOK SABHA)

### INTRODUCTION

I, the Chairperson, Committee on Petitions, having been authorised by the Committee to present on their behalf, this Fourth Report (Seventeenth Lok Sabha) of the Committee to the House on the Action Taken by the Government on the recommendations of the Committee on Petitions made in their Fifty-Ninth Report (Sixteenth Lok Sabha) on the Representation of Ms. Nisha Kamath and other office bearers of Nainital Bank Officers' Association regarding proposed sale of Nainital Bank Limited - a subsidiary of the Bank of Baroda, in the guise of Digital Venture.

2. The Committee considered and adopted the draft Fourth Report at their sitting held on 18 February, 2020.

3. The observations/recommendations of the Committee on the above matters have been included in the Report.

NEW DELHI;

DR. VIRENDRA KUMAR,  
*Chairperson,*  
*Committee on Petitions.*

18 February, 2020

29 Magha, 1941 (Saka)

## REPORT

**ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS MADE BY THE COMMITTEE ON PETITIONS (SIXTEENTH LOK SABHA) IN THEIR FIFTY-NINTH REPORT ON THE REPRESENTATION RECEIVED FROM MS. NISHA KAMATH AND OTHER OFFICE BEARERS OF NAINITAL BANK OFFICERS' ASSOCIATION REGARDING PROPOSED SALE OF NAINITAL BANK LIMITED - A SUBSIDIARY OF THE BANK OF BARODA, IN THE GUISE OF DIGITAL VENTURE.**

The Committee on Petitions (Sixteenth Lok Sabha) presented their Fifty-Ninth Report to Lok Sabha on 18 December, 2018 on the Representation received from Ms. Nisha Kamath and other office bearers of Nainital Bank Officers' Association regarding proposed sale of Nainital Bank Limited - a subsidiary of the Bank of Baroda, in the guise of Digital Venture.

2. The Committee had made certain observations/recommendations in the matter and the Ministry of Finance (Department of Financial Services) were asked to implement the recommendations and furnish their action taken replies thereon for consideration of the Committee.

3. Action Taken Replies have since been received from the Ministry of Finance (Department of Financial Services) in respect of all the observations/recommendations contained in the aforesaid Report. The recommendations made by the Committee and the replies furnished thereto by the Ministry of Finance (Department of Financial Services) are detailed in the succeeding paragraphs.

4. In paras 45, 46, 47 and 48 of the Report, the Committee had observed/recommended as follows:-

*"The Committee note from the submissions made by the Ministry of Finance (Department of Financial Services) that the Banking Industry in the country has been growing at a fast pace and a large number of Banks are augmenting their service capabilities through leveraging technology. The Industry is not only growing but also consolidating rapidly with the stronger Banks which are investing in technology, products, servicing capabilities are gaining market share from other Banks. Taking a cue from the rapidly changing environment, the Board of Directors of the Nainital Bank Limited in consultation with its largest Shareholder, viz., Bank of Baroda, laid out a Plan for building a technology driven, infrastructure light model for Nainital Bank Limited. For attaining the intended objective, the external Capital*

was sought to be raised in the Nainital Bank Limited which would help them to increase its Branch Network and systems to better serve its current customer base and seek to grow to newer markets. Accordingly, a detailed Transformation Plan was put in place purportedly for allowing Nainital Bank Limited to evolve into a Bank with digitised processes and unparalleled customer service.

The Committee also note that a Plan was prepared for the launch and set up of the Digital Venture in the Nainital Bank Limited and presented to the Board of the Nainital Bank Limited. During the entire process, the Management of Bank of Baroda/Nainital Bank Limited had not informed/consulted the Ministry of Finance (Department of Financial Services) on the plea that this is an operational issue and decisions on such issues could be taken at the Board level.

During the oral evidence of the representatives of the Ministry of Finance (Department of Financial Services), the Bank of Baroda and the Nainital Bank Limited, the Committee observed that the replies furnished by the Ministry of Finance (Department of Financial Services) were not illustrative and broadly opaque in nature. The submissions made by the representatives of the Bank of Baroda during the oral evidence were also not in congruity with their earlier written replies furnished by them to the Committee on Petitions. The Committee, therefore, urged the representatives of the Ministry of Finance (Department of Financial Services) to review the entire matter and furnish comprehensive written replies on various aspects raised in the Representation along with detailed clarifications on the queries raised by the Committee on Petitions. In pursuance thereof, the Ministry of Finance (Department of Financial Services) vide their communication dated 4.10.2018 informed the Committee that as a follow up, the Department of Financial Services requested the Bank of Baroda to verify the replies, keeping in view the various concerns flagged in and intimate the course of action arrived at after deliberations in the Bank's Board. The Ministry of Finance (Department of Financial Services) further submitted before the Committee that the Bank of Baroda has informed that the Board was apprised of the replies sent by Bank of Baroda to the Committee on Petitions, Lok Sabha and after deliberations in its meeting held on 10.9.2018, the Bank's Board decided to shelve the proposed Digital Venture and divestment of stake to maintain status quo in the Nainital Bank Limited.

The Committee are satisfied to note that keeping in view the huge financial implications vis-a-vis low annual profit of the Nainital Bank Limited, the proposed implementation of the Digital Venture Project has been shelved. The Committee also wish to applaud the result-oriented approach of the Ministry of Finance (Department of Financial Services) by not only comprehending the niceties of the entire Digital Venture Project but also the concerns raised by the Office Bearers of

*the Nainital Bank Officers' Association, on the basis of which a conscious decision has been arrived at by them. However since the Digital Venture Project has not been able to overweigh the overall business model of the Nainital Bank Limited, the Committee wish to urge the Ministry of Finance (Department of Financial Services) that the Digital Venture Project should be permanently scrapped and at the same time, efforts should also be made to extend the existing Digital Banking Project of Bank of Baroda in the Nainital Bank Limited. The Committee would like to be apprised of the concrete action taken in this regard within three months after the presentation of this Report to the House."*

5. The Ministry of Finance (Department of Financial Services), in their action taken reply, have submitted as follows:-

"Bank of Baroda (BoB) has informed that the plan for the launch and set up of the Digital Venture in Nainital Bank Limited was informed to RBI on 27.12.2017 and that the issue being an operational one, Department of Financial Services was not informed/consulted about the matter.

BoB has further informed that it has shelved the Digital Venture Project in Nainital Bank Limited and that status quo is maintained.

With regard to extending the existing digital products and systems of BoB in Nainital Bank Limited, BoB has informed that products and system of BoB cannot be implemented on "as is" basis in Nainital Bank Limited, and that these may require changes in order to be available for Nainital Bank Limited, which would mean additional cost in terms of implementation, additional manpower, etc. BoB has further informed that any technology or product taken from BoB would also require significant reconfiguration in order to suit the needs of Nainital Bank Limited, which would involve substantial cost and considerable time.

BoB has further stated that it will examine as to whether its digital products and systems can be made available to Nainital Bank Limited and that it will also examine the cost involved for license, customization, implementation, etc., that Nainital Bank Limited will have to bear."

6. In paras 49, 50, 51 and 52 of the Report, the Committee had observed/recommended as follows:-

*"As regards the aspect of merger of the Nainital Bank Limited with the Bank of Baroda, the Committee note from the submissions made by the Ministry of Finance (Department of Financial Services) that the Reserve Bank of India had made a*



reference to the Ministry of Finance which, in turn, vide their letter dated 07.04.2006 advised the Bank of Baroda to explore the possibility of merger of Nainital Bank Limited with them. Accordingly, the Board of Bank of Baroda vide Resolution No. M-12 dated 06.07.2006, in principle, approved the merger of Nainital Bank Limited with Bank of Baroda and authorized the Bank of Baroda to initiate the merger process. However, the proposed merger could not succeed due to opposition from the shareholders, one of the Directors and a Member of Parliament, broadly, citing the merger of the Nainital Bank Limited with the Bank of Baroda as a sentimental issue for the local people.

The Committee are not convinced with the reasoning given by the Ministry of Finance (Department of Financial Services) for not implementing the merger proposition owing to opposition from the shareholders, one of the Directors and a Member of Parliament. The Committee are, in fact, astonished to note that despite the in-principal approval of the Board of Directors authorizing the Bank of Baroda to initiate the merger process, the same was not implemented. On this issue, the Committee are of the considered view that consolidation of Banking System through merger has now become the need of the hour in view of the fact that creation of a stronger entity and developing the capability to withstand the market volatility, thereby, protecting the interests of depositors, especially the smaller Banks such as Nainital Bank could only be possible when the mechanism of merger is widely resorted to.

Nonetheless, the merger in the Banking Sector should be driven by market-related parameters such as size and scale; geographical-cum-distribution synergies coupled with skills and capacity. As a matter of fact, the emerging market dynamics like falling interest rate(s) regime; increasing focus on Retail Banking; enhanced quest for Rural Credit; quest for increasing profits especially from operations; reduction of NPA's in absolute terms; need for more Capital to augment the technology needs, etc., have become the major drivers for mergers and acquisitions in the Banking Sector. While the merger process is certainly a change initiative, the human element appears to be more vital for its success. Without a positive mindset of human resources, no initiative for change could be a successful venture. In order to achieve the desired results of the merger exercise, especially in the Public Sector Banks, it is necessary to recognize the complexities and to draw and implement a viable Plan for change in the collective behaviours, attitude and mindset of the work force which translates such Merger Plans into workable solutions. With increasing globalization, attaining size advantages would become critical for the Indian Banks and in such a scenario small number of large Banks of global size should be developed in place of large number of smaller Banks. Recently, the Government of India have initiated the amalgamation process in

respect of three Public Sector Banks, namely, Bank of Baroda, Vijaya Bank and Dena Bank making it the 'Third Largest Public Sector Bank' of the Country.

Keeping in view the above circumstances, in its entirety, the Committee strongly recommend the Ministry of Finance (Department of Financial Services) to advise the Bank of Baroda to re-visit the merger proposition of the Nainital Bank Limited with their Bank; taking into account the overall interest of all the stakeholders, particularly, the shareholders, employees of the Nainital Bank Limited and ensure its implementation at the earliest. The Committee would like to be apprised of the concrete action taken in this regard within three months after the presentation of this Report to the House."

7. The Ministry of Finance (Department of Financial Services), in their action taken reply, have submitted as follows:-

"BoB has informed that it is not in favour of merger of NBL with BoB due to the following reasons:-

- (i) BoB gets no benefits from the merger as NBL is having only 139 branches, with meager business.
- (ii) NBL is a local institution focusing on serving the banking needs of masses of the hill region and people in the area have sentimental attachment to NBL. By merging with BoB, NBL will loose its local identity and also the focus on catering to local needs.
- (iii) As per the interaction with MD & CEO of BoB, the staff of NBL is aligned in line with the management view point. Only a section of officers are advocating merger.

The matter was put up to Bank's Board in its meeting dated 25.4.2019, wherein the Board declined the proposal for merger."

8. In paras 53, 54, 55 and 56 of the Report, the Committee had observed/ recommended as follows:-

"The Committee note from the submissions made by the Ministry of Finance (Department of Financial Services) that the Board of Nainital Bank Limited approved a Comprehensive Plan of Digital Venture in its meeting held on 30.3.2017 and the Business Plan, in this regard, was approved in its Board meeting held on 26.3.2018. NBL appointed a Project Team for the Digital Venture and also

appointed M/s. Accenture Solutions Pvt. Ltd., as a Consulting Partner for Design, Build, Launch, and post-Launch Services for an end-to-end Digital Venture set up. BOB has also assured the Ministry of Finance (Department of Financial Services) that the huge expenditure in to be incurred in appointing M/s. Accenture Solutions Pvt. Ltd., as a Systems Implementation Partner has not been committed until the availability of Capital without putting the Bank at risk is ensured. In relation to M/s. Accenture Solutions Pvt. Ltd., BOB has further stated that NBL is yet to award the Contract to M/s. Accenture Solutions Pvt. Ltd., except that the Board of NBL has decided that the Contract would be awarded once the Capital to meet the expenditure is raised. Hence, NBL would not going to incur any cost on account of appointing M/s. Accenture Solutions Pvt. Ltd. The only cost that NBL is presently incurring is on account of hiring a small Project Team to lead the Digital Venture of Nainital Bank Limited. This cost has been Rs. 2.2 crore for during the last 12-14 months, which is well within the initial budget of Rs.10 crore allocated by the Board of NBL as the maximum permitted investment by NBL in the said Venture.

The Committee further note that M/s. Accenture Solutions Pvt. Ltd., has significant experience in transformation, technology, operations and strategy of various Banks, including Public Sector Banks such as State Bank of India. Although, the lack of experience of M/s. Accenture Solutions Pvt. Ltd., was reflected due to the fact that no other Public Sector Bank has implemented a similar Transformation Project. Since introduction of Digital Venture is an operational issue and decisions on such issues are taken at the Board level, the Ministry of Finance (Department of Financial Services) has not been consulted on this subject.

In this context, the Committee are unable to understand as to why the Bank of Baroda had exhibited a high degree of alacrity in appointing M/s. Accenture Solutions Pvt. Ltd., as a Consulting Partner for the Digital Venture Project for the Nainital Bank Limited and that too for a Private Company who has no previous experience of formulating a Transformation Project in any other Public Sector Bank except the State Bank of India. The fact that the Ministry of Finance (Department of Financial Services) was not consulted also raises serious questions on the existing work-ethics and overall conduct of decision-making functionaries of the Bank of Baroda/ Nainital Bank Limited.

The Committee are further perplexed to note that the Board of Nainital Bank Limited approved the Comprehensive Plan of Digital Venture in its meeting held on 30.3.2017, whereas, the name of Digital Head of M/s. Accenture Solutions Pvt. Ltd., was shown on the rolls of Nainital Bank Limited on 9.1.2017; which is astonishingly three months in advance from the date of approval of Plan by the Board of Nainital Bank Limited. Further, the Project Team of the Digital Venture

*Project of Nainital Bank Limited consisting of five other Professionals were hired between January, 2017 to October, 2017, thereby, incurring a hefty expenditure of approximately Rs. 4.45 crore including Annual Compensation and Bonus. The Committee, after having detailed deliberations with the representatives of the Ministry of Finance (Department of Financial Services) and the office bearers of Nainital Bank Officers' Association are sure that the Digital Venture Project conceived by the Management of Bank of Baroda for a small Bank like Nainital Bank was based on wrong calculation and wrong assumption. The Committee, therefore, recommend the Ministry of Finance (Department of Financial Services) to ensure that whenever any such big Project like Digital Venture involving a huge financial expenditure is conceived and implemented by any Public Sector Bank or its Subsidiary having majority stake, the Management/Board of Public Sector Banks should invariably consult them by furnishing a Detailed Project Report. For attaining this objective, the Ministry of Finance (Department of Financial Services) should also formulate explicit Guidelines/Regulations, etc., so that public money could be utilised in a purposive and gainful manner. The Committee would, in particular, like to be apprised of the action taken by the Ministry of Finance (Department of Financial Services) in this regard."*

9. The Ministry of Finance (Department of Financial Services), in their action taken reply, have submitted as follows:-

"Bank of Baroda has informed that M/s. Accenture Solutions Pvt. Ltd. was selected through an RFP process and based on their global experience in consulting and technology for various banks across the world in addition to M/s. Accenture Solutions Pvt. Ltd., handling large projects in India such as SBI In-touch, SBI Buddy and Digital Bank in India by DBS.

With regard to ensuring fairness and transparency in awarding projects, Government has issued letter(s) to all PSBs advising that banks may frame their own Board-approved policies for procurement of goods and services broadly in conformity with the General Financial Rules (GFR), 2017, Manual for Procurement of Goods, 2017 and Manual for Procurement of Consultancy and Other Services, 2017 and compliant with applicable CVC guidelines."

## Observations/Recommendations

### Expeditious implementation of Digital Products of Bank of Baroda in the Nainital Bank Limited

10. Keeping in view the growth of Banking Industry in the country and rapidly changing environment in terms of technology, products, servicing capabilities, the Board of Directors of the Nainital Bank Limited, in consultation with its largest Shareholder, viz., Bank of Baroda, laid out a Plan for building a technology driven, infrastructure light model for Nainital Bank Limited by way of setting up of Digital Venture.

11. The submissions made by the representatives of the Bank of Baroda during the oral evidence on the overall aspect of setting up of Digital Venture in the Nainital Bank Limited were not in congruity with their earlier written replies furnished by them to the Committee on Petitions. The Committee, therefore, urged the representatives of the Ministry of Finance (Department of Financial Services) to review the entire proposal and furnish comprehensive written replies on various aspects raised in the Representation along with detailed clarifications on the queries raised by the Committee on Petitions. In pursuance thereof, the Ministry of Finance (Department of Financial Services) submitted before the Committee that after deliberations in its meeting held on 10.9.2018, the Bank's Board decided to shelve the proposed Digital Venture and divestment of stake to maintain status quo in the Nainital Bank Limited.

12. The Committee were satisfied to note that keeping in view the huge financial implications vis-a-vis low annual profit of the Nainital Bank Limited, the proposed implementation of the Digital Venture Project had been shelved. The Committee were also of the considered view that the Digital Venture Project had failed to overweigh the overall business model of the Nainital Bank Limited, therefore, it would be more appropriate to permanently scrap the Digital Venture Project and at the same time, efforts should also be made to extend the existing Digital Banking Project of Bank of Baroda in the Nainital Bank Limited.

13. In response thereto, the Ministry of Finance (Department of Financial Services), in their Action Taken Replies, have informed the Committee that digital

products and system of Bank of Baroda cannot be implemented on 'as is' basis in the Nainital Bank Limited, and that these may require changes in order to be available for the Nainital Bank Limited, which would mean additional cost in terms of implementation, additional manpower, etc. Any technology or product taken from Bank of Baroda would also require significant reconfiguration in order to suit the needs of the Nainital Bank Limited, which would involve substantial cost and considerable time. The Committee were also informed that Bank of Baroda will examine as to whether its digital products and systems can be made available to Nainital Bank Limited including the cost involved for license, customization, implementation, etc., that Nainital Bank Limited will have to bear.

14. The Committee are constrained to note that even after the lapse of more than one year since the presentation of the relevant Report to Lok Sabha, no tangible progress has been made either by the Ministry of Finance (Department of Financial Services) or the Management of Bank of Baroda to resolve various procedural issues, viz., cost involved, software reconfiguration, expenses for licensing, customization, implementation, etc., for extending the digital products of Bank of Baroda to the Nainital Bank Limited. The Committee, therefore, reiterate its earlier recommendation that the Digital Venture Project should be permanently scrapped and at the same time, pragmatic and result-oriented approach should also be adopted to implement the existing Digital Banking Project of Bank of Baroda in the Nainital Bank Limited without any further delay. For the said purpose, the Committee propose that an Expert Group consisting of Senior Functionaries of Bank of Baroda, Nainital Bank Limited along with a representative of Ministry of Finance (Department of Financial Services) could be constituted to iron out all the procedural intricacies which could stand as an impediment in extending the digital products of Bank of Baroda to the Nainital Bank Limited within a specified period of 3 months. The Committee would like to be apprised of the concrete action taken in this regard.

#### **Merger of Nainital Bank Limited with Bank of Baroda**

15. During the examination of the Representation, the Committee had observed that the Ministry of Finance advised the Bank of Baroda to explore the possibility of merger of Nainital Bank Limited with them. Accordingly, the Board of Bank of Baroda vide Resolution No. M-12 dated 06.07.2006, in principle, approved the

merger of Nainital Bank Limited with Bank of Baroda and also authorized them to initiate the merger process. However, the proposed merger could not succeed, broadly, citing the merger as a 'sentimental issue' for the local populace.

16. On this issue, the Committee opined that consolidation of Banking System through merger had become the need of the hour in view of the fact that creation of a stronger entity and developing the capability to withstand the market volatility, thereby, protecting the interests of depositors, especially the smaller Banks such as the Nainital Bank Limited could only be possible when the mechanism of merger is widely resorted to. Keeping in view the present market scenario, the Committee had recommended the Ministry of Finance (Department of Financial Services) to advise the Bank of Baroda to re-visit the merger proposition of the Nainital Bank Limited with their Bank by taking into account the overall interest of all the stakeholders, particularly, the shareholders, employees of the Nainital Bank Limited and ensure its implementation at the earliest.

17. In response thereto, the Ministry of Finance (Department of Financial Services), in their Action Taken Replies, have informed the Committee that Bank of Baroda is not in favour of merger of Nainital Bank Limited with Bank of Baroda due to the following reasons:-

- (i) Bank of Baroda gets no benefits from the merger as the Nainital Bank Limited is having only 139 branches, with meagre business.
- (ii) Nainital Bank Limited is a local Institution focusing on serving the banking needs of the masses of the hill region and people in the area have sentimental attachment to the Nainital Bank Limited. By merging with Bank of Baroda, the Nainital Bank Limited will loose its local identity and also the focus on catering to the local needs.
- (iii) As per the interaction with MD & CEO of Bank of Baroda, the staff of the Nainital Bank Limited is aligned in line with the Management point of view. Only a section of officers are advocating merger.

18. The Committee find that while disagreeing with the proposal of merger of Nainital Bank with the Bank of Baroda, rudimentary issues, viz., sentiments of local populace attached to the Nainital Bank Limited, their lesser number of Branches, etc., have been highlighted by the Bank of Baroda and the business-related future

potential of Nainital Bank Limited, thereby, generating profit after the merger has either been overlooked or not given any serious consideration. The Committee are, therefore, constrained to emphasise that there is an inherent contradiction in dealing with the overall affairs of the Nainital Bank Limited to the effect that at the time of conceiving the Digital Venture Project for the Nainital Bank Limited, the Bank of Baroda, having 98.57% share capital of the Nainital Bank Limited, approved a hefty expenditure of millions of rupees, perhaps, due to the inherent potential of financial gains by the Nainital Bank Limited. Thereafter, when the Bank of Baroda had to scrap the Digital Venture Project, the Bank of Baroda has now undergone a predicament for accepting the proposal of merger of the Nainital Bank Limited with them. The Committee, therefore, once again wish to reiterate their earlier recommendation and strongly recommend the Ministry of Finance (Department of Financial Services) to advise the Bank of Baroda to re-visit the merger proposition of the Nainital Bank Limited by taking into account the overall interest of all the stakeholders, particularly, the shareholders, employees of the Nainital Bank Limited and to ensure its implementation in a time bound manner. The Committee would like to be apprised of the concrete action taken in this regard within three months of presentation of this Report to the House.

Formulation of Guidelines/Regulations by the Ministry for mandatory consultation with the Government

19. While noting that the Board of Nainital Bank Limited approved a Comprehensive Plan of Digital Venture in its meeting held on 30.3.2017 and the Business Plan was approved in its Board meeting held on 26.3.2018, the Committee had pointed out that the Digital Venture Project conceived by the Bank of Baroda for a small Bank like the Nainital Bank Limited was based on wrong calculation and wrong assumption. In this regard, the Ministry of Finance (Department of Financial Services) were also not consulted which raises serious questions on the existing work ethics and overall conduct of decision-making functionaries of the Bank of Baroda/Nainital Bank Limited.

20. The Committee had further observed that the Digital Head of M/s. Accenture Solutions Pvt. Ltd., was hired three months in advance from the date of approval of Plan by the Board of Nainital Bank Limited and incurred a hefty expenditure of approximately Rs.4.45 crore on the total Project Team of the Digital Venture Project. The Committee had, therefore, recommended the Ministry of Finance (Department of



Financial Services) to ensure that whenever any such big Project like Digital Venture involving a huge financial expenditure is conceived and implemented by any Public Sector Bank or its Subsidiary having majority stake, the Management/Board of Public Sector Banks should invariably consult them by furnishing a Detailed Project Report and for attaining this objective, the Ministry of Finance (Department of Financial Services) should also formulate explicit Guidelines/Regulations, etc., so that public money could be utilised in a purposive and gainful manner.

21. The Ministry of Finance (Department of Financial Services), in their Action Taken Replies, have informed the Committee that with a view to ensuring fairness and transparency in awarding projects, Government has issued letter to all PSBs advising that banks may frame their own Board-approved policies for procurement of goods and services broadly in conformity with the General Financial Rules (GFR), 2017, Manual for Procurement of Goods, 2017 and Manual for Procurement of Consultancy and Other Services, 2017 and compliant with applicable CVC Guidelines. In this context, the Committee had also urged the Ministry of Finance (Department of Financial Services) to come out with some workable policy formulations on the basis of which the Management/ Board of Public Sector Banks have to consult them by furnishing a Detailed Project Report. However, on the contrary, the Ministry of Finance (Department of Financial Services) have advised the banks to frame their own Board-approved policies for the purpose, which would, perhaps, not going to achieve the intended objectives of transparency in the decision making process by the Public Sector Banks.

22. The Committee, therefore, once again reiterate that the Ministry of Finance (Department of Financial Services) should ensure that whenever any such big Project like Digital Venture involving a huge financial expenditure is conceived and implemented by any Public Sector Bank or its Subsidiary having majority stake, the Management/Board of Public Sector Banks should invariably consult them by furnishing a Detailed Project Report and the Ministry should also formulate explicit Guidelines/Regulations, etc. The Committee would like to be apprised of the necessary measures taken or proposed to be taken by the Ministry of Finance (Department of Financial Services) in this regard.

NEW DELHI;

DR. VIRENDRA KUMAR,  
Chairperson,  
Committee on Petitions.

18 February, 2020

29 Magha, 1941 (Saka)

MINUTES OF THE FOURTH SITTING OF THE COMMITTEE ON PETITIONS  
(SEVENTEENTH LOK SABHA)

The Committee met on Tuesday, 18 February, 2020 from 1100 hrs. to 1230 hrs. in Committee Room No.1, Block 'A', Parliament House Annexe Extension, New Delhi.

## PRESENT

Dr. Virendra Kumar - Chairperson

## MEMBERS

2. Shri Anto Antony
3. Shri Harish Dwivedi
4. Dr. Sukanta Majumdar
5. Smt. Anupriya Patel
6. Shri Brijendra Singh
7. Shri Sushil Kumar Singh
8. Shri Prabhubhai Nagarbhai Vasava

## SECRETARIAT

1. Shri T. G. Chandrasekhar - Joint Secretary  
2. Shri Raju Srivastava - Director

**WITNESSES**

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2. At the outset, the Hon'ble Chairperson welcomed the Members to the sitting of the Committee.

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9. The Committee, thereafter, took up for consideration the following Draft Reports :-

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(iv) Action Taken Report on the action taken by the Government on the recommendations of the Committee on Petitions (Sixteenth Lok Sabha) made in their Fifty-Ninth Report on the Representation of Ms. Nisha Kamath and other office bearers of Nainital Bank Officers' Association regarding proposed sale of Nainital Bank Limited - a subsidiary of the Bank of Baroda, in the guise of Digital Venture.

10. After discussing the above mentioned Draft Reports in detail, the Committee adopted all the four Reports without any modification(s). The Committee also authorised the Chairperson to finalise the Draft Reports and present the same to the House.

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12. A copy of the verbatim of the proceedings of the sitting of the Committee has been kept.

*The Committee, then, adjourned.*

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