

the banking board will have one representative from bank employees union and one from the bank Officers association. This case had also been referred to the Supreme Court and the High Court. These courts also gave their verdict that the Government should recognise the majority union in each industry, banking industry or banks. They have given maximum freedom in the matter. The union could make their suggestion but the board would take its final decision. In pursuance of the above verdict, the Government on its part has decided that a panel of three persons will be forwarded by the majority union. However, only one person from amongst the persons on the panel will be taken on the board and there will be one representative from the officers' association. As such the suggestion made by the hon. Member is hundred per cent acceptable to us. So far as the suggestion regarding the C.A.G. is concerned, we will consider that point. To this date, no final decision has been taken in this regard. As such, I would not like to give wrong information to the Hon'ble Members of the House.

[English]

SHRIBHABANISHANKARHOTA: The hon. Minister has already explained different types of control over the banks in improving the functioning of the nationalised banks. (Interruptions) I want to know from the hon. Minister what are the causes of total loss in which the regional rural banks are running now. And what remedial steps the Government propose to take for the proper functioning of the regional rural banks?

PROF. MADHU DANDAVATE: Sir, as far as regional rural banks are concerned, it is a fact that some of the banks are running into losses. There was a Kelkar Committee that was set up and that made various recommendations to improve the situation. One of the suggestions outside the Committee that was put forward is that those regional rural banks which are running in losses they should be merged with the sponsoring banks. But we have not taken a decision. On the contrary, we would like to follow some of the

recommendations of the Kelkar Committee in which they have asked to broaden the per capita base of the bank to try to change the investment policy. But we will take final decision, as I assured the unions of the regional rural banks, in consultation with them, in the matter. (Interruptions)

#### Pay Parity Recommended by Ninth Finance Commission

\*66. SHRI SURESH KODIKKUNIL:  
SHRI PALAI K. M. MATHEW:

Will the Minister of FINANCE be pleased to state:

(a) whether the Ninth Finance Commission has recommended additional financial assistance to States which propose to give their employees the same pay scales as are admissible to Central Government employees;

(b) if so, the details of such States and the reaction of Union Government thereto;

(c) whether the Ninth Finance Commission has recommended a sum of Rs. 513.27 crores for Kerala in this regard, while computing the revenue expenditure of Kerala Government for the period 1990-95;

(d) the revenue surplus or deficit calculated by the Ninth Finance Commission in respect of Kerala for the above period; and

(e) whether this position takes in account the expenditure of the State for Pay parity?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) and (b). The Ninth Finance Commission has not recommended any specific financial assistance to States which propose to give their employees the same pay scales as are admissible to Central Government employees.

(c) While computing the normative revenue expenditure of Kerala for 1990-95, the

Ninth Finance Commission has estimated a provision of Rs. 513.27 crores towards Pay Parity.

(d) The non-Plan revenue surplus of Kerala after devolution of share in taxes and duties is Rs. 2.29 crores.

(e) Yes, Sir.

**SHRI SURESH KODIKKUNNIL:** The 9th Finance Commission has not recommended any specific financial assistance to some States. What does the Union Government propose to do to help these States which want to give their employees the same pay scale as are admissible to the Central Government employees?

**PROF. MADHU DANDAVATE:** As far as the 9th Finance Commission is concerned, we have accepted the broad recommendations because we have been treating the Commission's Report as award.

Firstly the Finance Commission Report has prescribed that 85% of the total revenue generated by the personal income tax should be to the State. Secondly 45% of the revenues that are generated by excise duty should be given to the States. Further it has been suggested that among various States some of the States have got deficits, there are a some other States in which the revenue collection is better—they have actually mentioned a list of 15 States in which they have tried to indicate as to what can be the provision for pay-parity. In the 8 States in which there is some non-plan revenue deficit, current grants have also been recommended. You will be happy to know that as far as the non-plan revenue deficit grants are concerned, in the case of these 8 States where the recommendation has been made, we have accepted those applications and we will fulfil them.

I would like the hon. House to know that there is a modified Gadgil formula in which the assistance will be given based on various categories. For instance the weightage will be given in terms of population—that is

60%. Weightage will be given in per-capita income below the national average—that will be 20%. Then weightage will be given to the fiscal management of the economy—that will be 10%. Lastly for special problems of special category States there will be 10% weightage. On the basis of that we will calculate the total amount that is to be accrued by each State and you can rest assured that on the basis of this we will be able to give the assistance.

Lastly, there is a move to modify this Gadgil formula still further so that those States which are having deficits will be able to get more assistance. The National Development Council will try to consider these steps and try to arrive at a final conclusion.

**SHRI SURESH KODIKKUNNIL:** If the State Governments decide for the pay-parity of their employees, how much of the total estimated provision will be met by the Central Government?

**PROF. MADHU DANDAVATE:** I do not want to make any commitment at all. But as far as the Finance Commission is concerned, they have already worked out the details. For various States they have also mentioned what will be the total amount. We have not at all made our commitment, but those estimates are ready.

**SHRI PALAI K.M. MATHEW:** Part (c) of the questions says whether the 9th Finance Commission has recommended a sum of Rs. 500 and odd crores etc. But in the answer it is said that "The Finance Commission has estimated...". There is a vast difference between these two words. I would like to get a clarification on that.

I would like to know whether the Kerala Government has submitted a proposal for pay-parity. Did they approach for any specific help in this regard? Has the Kerala Government represented before the Finance Commission for a recommendation by it?

**PROF. MADHU D. NDAVATE:** Not only Kerala State, but some other States have

also made certain suggestions. We are seized of the matter. We are also aware of the fact that in various States if this pay-party is to be accepted how much expenditure will be involved.

SHRI PALAI K.M. MATHEW: Did they submit a concrete proposal?

PROF. MADHU DANDAVATE: Yes, that is right. We have not finally accepted that because we cannot take the decision for one particular State and deny it to others. Unless we are able to take an overall decision about all the States, I do not think we will be able to arrive at a final decision in that direction.

[*Translation*]

KUMARI UMA BHARATI: Mr. Speaker, Sir, the employees of regional rural banks of Kashmir, the rural banks in Kashmir valley...

MR. SPEAKER: Madam, this question is related to Ninth Finance Commission. Your question is related to it.

KUMARI UMA BHARATI: Mr. Speaker, Sir, I know it. I am talking about pay parity. I delete the word 'rural'. The Kamraj Rural Bank, which is being run by Jammy and Kashmir Bank and the employees working in other rural Banks...(Interruptions)

MR. SPEAKER: Madam, this question is about the Finance Commission. Your subject is different.

(*Interruptions*)

SHRIJANARDAN YADAV: Mr. Speaker, Sir, I would like to know from the Minister through you whether the State Government of Bihar is giving the same pay-scales to their employees those given by the Central Government. The Chief Minister of Bihar has rejected the Gadgil formula. Grant should be given to them on the basis of poverty and population of the State.

MR. SPEAKER: If the Hon'ble Minister wants, he can reply to this question. The

main question is about Kerala.

SHRI JANARDAN YADAV: Bihar is giving the Central pay-scales to its employees, just like other States. What type of other assistance does the Central Government want to provide to the State of Bihar.

PROF. MADHU DANDAVATE: Mr. Speaker, Sir, it is a very wide question. If he has a specific question he can write to me and I will reply, but let him not join it with this question. (*Interruptions*)

[*English*]

SHRI HANNAN MOLLAH: Sir, to enable the Finance Commission for proper assessment, I would like to know whether the Government will consider a proposal to set up a single Pay Commission for all the employees—Central, State and teachers.

(*Interruptions*)

MR. SPEAKER: Shri Hannan Mollah, your question pertains to Pay Commission. I do not think it comes under the purview of the Main Question.

(*Interruptions*)

SHRI HANNAN MOLLAH: No, Sir. I want to know how much money they have to keep for this.

(*Interruptions*)

PROF. MADHU DANDAVATE: Sir, the only common point between Finance Commission and Pay Commission is only 'Commission'. Therefore, Sir, I think this is completely outside the purview of this Question.

#### **Off-Shore Fund of State Bank of India**

\*67. SHRI PRAKASH KOKO BRANHMBHATT: Will the Minister of FINANCE be pleased to state:

(a) whether the State Bank of India (SBI) is considering to launch a 50 million