

## LOK SABHA DEBATES

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### LOK SABHA

Friday, March 10, 1989 Phalguna 19, 1910  
(Saka)

The Lok Sabha met at Eleven of the  
Clock

[MR SPEAKER *in the Chair*]

#### ORAL ANSWERS TO QUESTIONS

[English]

#### Working of Nationalised Banks

\*224 SHRI S. B. SIDNAL. Will the Minister of FINANCE be pleased to state.

ψ (a) whether Government have taken measures to overhaul the working of the nationalised banks;

(b) if so, the details thereof, and

(c) the structural of other changes contemplated?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO). (a) to (c) The working of nationalised banks is kept under constant review and steps as appropriate to improve efficiency and productivity are taken by Government/Reserve Bank of India from time to time.

SHRI S. B. SIDNAL. In view of the statement made by the Finance Minister that "it

was felt that technological advances now available in the field needed to be gainfully utilised and an accelerated use of mechanisation and computerisation was required", I would like to know whether any programme has been drawn up by the Government to provide the infrastructure in order to increase the efficiency of the banks so that the fruits of improved efficiency of the bank staff would reach the customer.

SHRI EDUARDO FALEIRO: We have taken several steps for the benefit of the customers and for improving customer service. It is not merely steps to improve on the customer service. We have already taken the steps to make the customer aware of the services available and, therefore, for instance, we have instructed the banks to display in their branches in a prominent manner what are some of the facilities envisaged for the customer. It is not merely doing some things for the customers. It is creating an awareness in the customer of his rights so that he can obtain the facilities from the branch. For instance, if there are outstation cheques up to Rs. 2,500/- and they should be paid immediately across the counter to anybody having an account and for more than 14 days for other outstation cheques, if the collection and payment is delayed, then the banks themselves will pay the savings rate interest on the account of the customer and so on. Several steps have been taken. But then I say that it is a continuous process, as I said in the written reply. As and when we get feed-back of the things which must be done, we pass it on to the banks. Before concluding, I must also point out that management of the banks is with the Reserve Bank of India. This has been the tradition which Parliament has endorsed that the Reserve Bank must be entrusted with the management of the banks and with the

monitoring on the progress, difficulties and problems in the working of the banks and that they should be autonomous and that the Government should not interfere with the day to day management. This has been the position which has been endorsed by this Parliament. That is the position which we also endorse and follow.

SHRIS. B. SIDNAL: Sir, of late, the non-official, Directions have not been appointed. Inefficiency is said to be on the increase. Litigations have also been on the increase and the recovery is also on the decrease. Corruption is also said to be on the increase. In this background, has the Government thought of setting up a Committee to settle the matters? Our hon. Finance Minister Shri S.B. Chavan has also made a statement complimenting the SBI that it has avoided some litigations by entering into a compromise formula. If it is so, whether the other banks have followed this formula of entering into a compromise with the litigants to reduce the litigation and save the expense of court fee and advocate fee. In this way, has the Government thought of restructuring banking efficiency? I would like to know the details in this regard.

SHRI EDUARDO FALEIRO: Sir, we are actually concerned with this question of recovery. After all, the banks are commercial institutions. We give money and we must get it back with interest. So, the question of recovery is definitely a question which is paramount in our mind. It is not the recovery merely of the small borrowers. It is often insisted that the small borrowers are not paying back. In fact, we are not getting recoveries from the big borrowers in many many cases. That is a matter of concern. In the context of what the hon. Member has suggested, we will take that suggestion of changes or improvement in the legislation to make recoveries more effective, particularly recoveries from large borrowers.

SHRI S. B. SIDNAL: What about the litigations? (*Interruptions*)

SHRI P.R. KUMARAMANGALAM: I

would like to know from the hon. Minister whether there is any objective method of selection, especially that of Chairmen and Managing Directors of the Banks. Actually, what has been happening for a long time is that this is done within the banking family. No outsider ever comes to know of it. Selection is done on the basis of certain internal reports which at the top level, I understand, can be neatly manipulated. This being the situation, is the Government considering setting up of an independent body like the Public Enterprises Selection Board or some other Board for selection of Chairmen and Managing Directors? We are all aware about many Executive Directors in fact, one has been pulled up by the Central Bureau of Investigation in a case and similarly, we are aware that many of them are not yet got caught. Really speaking, to clean up the banks and make the public sector institutions functional, it would be necessary to have both talent and professionalism as well as honesty and integrity. I think, that would not be possible unless an Independent Body is created for selection. Is the Government consider on this line?

SHRI EDUARDO FALEIRO: We find the present system as objective as is humanely possibly. Therefore, the question of considering setting up of an independent body, as the hon. Member has suggested, does not arise.

SHRI M. RAGHUMA REDDY: I would like to know from the hon. Minister whether there are any guidelines fixed for the productivity and officer-clerk ratio for all the banks uniformly. What are the guidelines issued in that regard? I would like to know whether there is a proposal before the Government regarding the Service Area Approach Programme. If that is so, I would like to know as to what programme they are contemplating, whether they are going to implement that. Are the Government-oriented schemes such as the Modified Area Development Programme, the DRDA and other programmes implemented by these banks? What is the condition? In my constituency of Nalgonda, many banks are not giving these

loans whereby the entire Government subsidy amount which has been released is going waste. What action the Minister is proposing to take on this issue?

SHRI EDUARDO FALEIRO: First, I take the first part of the question. Productivity in terms of average business per employee in the banking industry has increased from Rs. 17.06 lakhs at the end of December 1985 to Rs 21.72 lakhs at the end of December 1987.

Regarding the implementation of Service Area Approach, the concept visualises that every Branch in the rural and semi-urban areas will be in-charge of a cluster of villages. And the branch will prepare a credit plan for these cluster of villages or the command area of the branch and this credit plan will be implemented very soon on an annual basis.

SHRI M. RAGHUMA REDDY: When are you going to do it?

SHRI EDUARDO FALEIRO : From the First of April, that is, from the new financial year.

### Seizure of Gold

\*225. SHRI KRISHNA SINGH : Will the Minister of FINANCE be pleased to state:

(a) the total quantity of gold seized by Revenue Intelligence and Customs authorities during the past three months, indicating details of the seizures; and

(b) the specific steps being taken to prevent smuggling of gold into the country and its trade ?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI A. K. PANJA ) : (a) and (b). A statement is given below:-

### STATEMENT

(a) Total quantity of gold seized by the Directorate of Revenue Intelligence, Customs authorities and other enforcement agencies throughout the country during the past three months is given below.

| Month          | Quantity of gold seized (All India including Directorate of Revenue Intelligence (In Kgs.)) | Value of gold seized All India including Directorate of Revenue Intelligence (Rs. in crores) | Quantity of gold seized by Directorate of Revenue Intelligence (In Kgs.) | Value of gold seized by Directorate of Revenue Intelligence (Rs. in crores) |
|----------------|---|--|--|---|
| 1              | 2   | 3  | 4  | 5   |
| December, 1988 | 1490  | 52.98  | 315  | 10.40   |
| January, 1989  | 1075  | 36.26  | 50   | 1.65  |
| February, 1989 | 1832  | 61.00  | 743  | 24.37   |
| Total          | 4397  | 150.24   | 1108   | 36.42   |