

RAJYA SABHA

*Tuesday, the 14th March, 1978 | the
23rd Phalgun, 1899 (Saka)*

The House met at eleven of the clock. **Mr. Chairman** in the Chair.

ORAL ANSWERS TO QUESTIONS

Winding up of the Banking Service Commission

*421. **SHRI S. W. DHABE:** Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Banking Service Commission which was set up in February, 1977 has since been wound up;

(b) if so, what are the reasons therefore; and

(c) what is the method of recruitment now followed in respect of the staff for the nationalised banks?

THE MINISTER OF FINANCE (SHRI H. M. PATEL): (a) and (b) The Banking Service Commission was dissolved in September, 1977 when the Banking Service Commission (Repeal) Ordinance was promulgated. Action to be taken following the lapse of the Banking Service Commission (Repeal) Ordinance is under consideration of Government. Government decided on the dissolution of the Commission as it was considered that a centralised system of recruitment as envisaged under the Banking Service Commission Act is unworkable.

(c) Each public sector bank has its own recruitment method and procedure which have been followed since nationalisation. Recruitment continues to be made in accordance with these procedures.

SHRI S. W. DHABE: Sir, this is a very serious matter. And in fact, it is contempt of the House that the Banking Service Commission which was constituted under section 3 of the Banking Service Commission Act under the Chairmanship of Shri A. N. Banerji has not been restored. The Banking Service Commission was the result of the recommendation of the Banking Commission, 1970 which said that there should be objective, rational and impartial selection to the nationalised banks. Therefore, the Banking Service Commission Act was passed in 1975, and the Commission was constituted to effect impartial recruitment. The recruitment is very big. In 1975, there were 67,095 officers and the number of the clerical staff was 1,88,545. Therefore it was thought appropriate that there should be a Banking Service Commission. But an Ordinance was passed in 1977 winding up the Commission. The repealing Bill was rejected by this House on the 8th December, 1977. The Ordinance was issued by the honourable acting President at that time, Shri Jatti. I would say that as soon as the repealing Bill was rejected by the Rajya Sabha, the original Act should have been restored. May I know from the Minister why the Banking Service Commission of which Shri A. N. Banerji was the Chairman was not restored to its original position?

SHRI H. M. PATEL: Sir, as I have said, it was our view that the method of recruitment which would be involved by this would not be workable. When this House did not accept the Bill which was brought before it, certainly the Banking Service Commission would be revived. When it was abolished, the few staff that were recruited went back to their various departments from where they were drawn. The only person who was specifically appointed for the Banking Service Commission was its Chairman. No action had been taken for recruitment, no rules had been made for the selection, no regional

offices had been constituted. Therefore, there has been no question of preventing anything from being done. Since Government want to consider what steps should be taken in order that proper arrangements may be made, it was felt that bringing back staff, etc. would result in fruitless expenditure.

SHRI S. W. DHABE: Sir, as the power under section 3 of the Act was invoked and the Banking Service Commission was constituted, there is no power in the Government to dissolve the Commission, and it has to continue. Whether it has functioned for some time or otherwise, is not material. I would like to know whether Government are thinking of convening a Joint Session of Parliament to consider the matter. And if any persons have been recruited between the period of rejection of Bill by the House and today by the nationalised banks, those appointments will be illegal under the Act. I would like to know how many clerks and officers were recruited by the nationalised banks in utter disregard of the wishes of Parliament.

SHRI H. M. PATEL: The hon'ble Member is not quite fully seized of what the position is. There has never been any recruitment by the Banking Service Commission when it was constituted in February 1977. Only an appointment of the Chairman was made in February. Although the Act was passed long ago, for nearly two years no action had been taken by the previous Government in order to bring into existence the Banking Service Commission or to make it work. They merely selected the Chairman, and that is how the Banking Service Commission came into being.

Subsequently, when the new Government came into existence it took the view that the Banking Service Commission would not be able to meet the requirements of the nationalised banks in regard to the kind of

recruitment that had to be made. Therefore, there was no question of the Banking Service Commission having started its work. The banks went on recruiting even after the Act was passed, as they had been doing before. The same procedure will continue until such time as the new arrangement comes into being.

SHRI S. W. DHABE: My question was whether from December 1977 to March 1978 when the Act was rejected by this House recruitment of officers and clerks has been made. This he has not replied, to. How many persons were recruited?

SHRI H. M. PATEL: I want notice.

SHRI SYED NIZAM-UD-DIN: May I know from the hon'ble Minister what is the practical difficulty in having uniform rules of recruitment throughout the country? Is it not desirable to have uniform rules of recruitment and uniform method of recruitment throughout the country? Why does the Minister feel difficulty only in the case of the Banking Service Commission? When we have the Union Public Service Commission and the other Public Service Commissions the method of recruitment is uniform? What is the difficulty with regard to recruitment to banks alone?

SHRI H. M. PATEL: These were all matters that had been discussed and these very arguments had been considered both in the Lok Sabha and in this House. The view of the Government that this was unworkable was accepted in the Lok Sabha, but in this House it was not. Now, the Government still holds the view that there are practical difficulties. The hon'ble Member, if he had been present during those discussions, would have realised what the difficulties were. Those had been very fully described.

SHRI DEVENDRA NATH DWIVEDI: Mr. Chairman, Sir, I am amazed that the Minister should have chosen to

bring extraneous factors into consideration in replying. Whether the Government took a long time in setting up the Commission or the Commission did not recruit any person is not at all the issue. The issue is that this House has rejected the Ordinance. In pursuance of an Act of Parliament a certain body is set up. Then that is thrown overboard: it is rejected by an Ordinance. And that Ordinance is rejected by this House.....

MR. CHAIRMAN: What is your question?

SHRI DEVENDRA NATH DWIVEDI: ... I am just giving an example. I will be very brief. Suppose in pursuance of an Act of Parliament the Lokpal is appointed and after three months this Government abolishes the office of Lokpal; the Rajya Sabha rejects. Is it not the duty of the Government to show respect to the Rajya Sabha and to Parliament? May I know, Sir, whether the will of the Minister is more important or whether the will of Parliament is more important? That is the main issue. In view of the fact that the Rajya Sabha rejected the Bill, *status quo ante* should have been restored. Immediately without waiting for one single moment, by an Ordinance the Banking Service Commission should have been appointed. Two months have elapsed and the Government is still considering whether or not to show respect to this Parliament. This is contempt of Parliament. This is showing scant respect to the Rajya Sabha and to the will of the representatives of the people. This Government, through this Minister, has shown contempt to Parliament. That is the question. What is the Government of India going to do to undo these state of affairs is the question. Let him not bring some extraneous factors into consideration....

MR. CHAIRMAN: Please resume your seat.

SHRI H. M. PATEL: There is no question of the Government ignoring the decision of this House. Once that decision has been taken, certainly, as I said, the Banking Service Commission comes into being immediately. All that has happened is that no further action has been taken in regard to constituting the various.....

SHRI JAGJIT SINGH ANAND: Why?

SHRI H. M. PATEL: Certainly. The Government is still considering what steps should be taken. Will you please asked to the whole point. For two years no action had been taken by the previous Government.

SHRI DEVENDRA NATH DWIVEDI: That is not the question.

MR. CHAIRMAN: Please listen. He has a right to reply; has he not?

SHRI DEVENDRA NATH DWIVEDI: He is repeating, Sir.

SHRI JAGJIT SINGH ANAND: If he has only to repeat, he is wasting the time of the House.

SHRI H. M. PATEL: If you do not want me to take the time of the House I will not say.

There is no question of disrespect to the House involved. Government has to consider the matter carefully as to what further action can be taken. After all, there have been differences of opinion between this House and the Lok Sabha.

SHRI DEVENDRA NATH DWIVEDI: Then a Joint Session should be called.

SHRI H. M. PATEL: Government can consider that. May I just point out that it is possible for Government to consider whether to call the two Houses together? It is possible to consider that. Why is it being assumed that contempt was intended? Nothing of that kind was intended.

You cannot charge us like that until such time as we take a decision and come forward. If we find that this is the only way, certainly we shall comply with it and carry it out.

श्री नागेश्वर प्रसाद शाही : श्रीमन्, मैं माननीय मंत्री जी से जानना चाहता हूँ कि बैंकिंग सर्विस कमीशन ऐक्ट पास होने के बाद और बैंकिंग सर्विस कंस्टीट्यूट होने के पहले इन दो सालों के अन्दर नेशनलाइज्ड बैंकों में कितनी नियुक्तियाँ की गईं।

दूसरे यह कि क्या मंत्री जी को यह ज्ञात है कि राज्यों की सरकारों ने अपने अपने राज्य में कोऑपरेटिव बैंकों के सर्विसेज के सेलेक्शन के लिए सर्विस कमीशन अपाईंट किए हुए हैं, जिनमें भारी भ्रष्टाचार व्याप्त है। एक यूनिकार्म प्राविजन पूरे देश के लिए आप करेंगे क्योंकि स्टेट कोऑपरेटिव बैंक भी बैंकिंग ला से गवर्न होते हैं और रिजर्व बैंक से कंट्रोल होते हैं।

SHRI H. M. PATEL: If I understand his question correctly, he is asking how many appointments were made after the Act had been passed. A large number of appointments had been made. I am not in a position to give the exact number, but plenty of recruitment must have been made since the Act was passed in 1975.

So far as the question of the co-operative banks was concerned, that is correct. These are the kind of considerations which we have to take note of before we proceed to take further action. As I said, the question is under the active consideration of the Government, and we shall be taking a decision fairly soon.

SHRI JAGJIT SINGH ANAND: Sir, the hon. Minister, while replying to the first supplementary said that because the Banking Service Commission had been dismantled after the 20th September, nothing could be done after the 26th Decem-

ber when the Ordinance lapsed. Sir, it is a very serious matter. It is a flagrant violation of the will of Parliament for the first time in the history of our Parliament. It is a matter of shame and there are very evil intentions behind it. There was no other course open to the Government according to the Constitution and the procedure, when the Bill fell through in the House, other than to have called a Joint-Session before the 26th December, that is before six weeks of starting of that session of Parliament or to have the Banking Commission restored. It is a very serious matter, and he is evading the issue. It is not contempt of Rajya Sabha alone. It is contempt of Parliament. It is violation of the Constitution. It is contempt of the Lok Sabha also. Within one day he disbanded it and sent everybody back. Why could he not recall everybody in 19 days? Now, even otherwise, I want to ask him a question. There was a Commission appointed. In 1970, it was decided that there should be a common Banking Service Commission in India. In 1975, the Bill was there. In 1977, it was implemented. Now, is it to accommodate the RSS and other elements through decentralisation, so as to bring in their cronies into the banks, that this structure as per the decision taken after deliberations for seven years, and which was on the Statute Book, is being dismantled? He says it was unworkable. How was it unworkable? Let him tell us how it was unworkable and how it was not to favour the stooges of the present-day Government.

SHRI H. M. PATEL: Sir, I do not know why there is this charge. There is no question of any evil intention behind this at all. We have to see that the recruitment is made satisfactorily. I think the fact is being ignored that when there is enormous expansion of branches of banks, there will have to be recruitment made in local areas out of the people who speak the local language and who can function in the

local language. Now today the total number of branches run into several thousands.

SHRI JAGJIT SINGH ANAND: He is evading the issue. Let him come to the Banking Service Commission. *(Interruptions)*.

SHRI H. M. PATEL: Sir, I am not evading the issue. The Banking Service Commission... *(Interruptions)*.

SHRI JAGJIT SINGH ANAND: You are getting the crucial issue of... *(Interruptions)*.

MR. CHAIRMAN: Do not interfere.

SHRI H. M. PATEL: The Banking Service Commission in fact did not come into existence in any more sense than that, even in February, 1977, the only person appointed was the Chairman. Others... *(Interruptions)*.

SHRI JAGJIT SINGH ANAND: You had sent back all the staff.

MR. CHAIRMAN: Let him reply.

SHRI H. M. PATEL: If he himself wants to reply, he is welcome to do so. If he wants to hear his own voice only, what can we do? *(Interruptions)*

MR. CHAIRMAN: Let him reply.

SHRI H. M. PATEL: No other members of the Commission were appointed. There was only a small staff appointed. A notification under section 15... *(Interruptions)*.

MR. CHAIRMAN: Why not hear him? You are interested in putting supplementaries, but you are not interested in listening to him. Why are you making a noise? Even if you are agitated, better wait for some time.

SHRI KALI MUKHERJEE: He is being dictated by the private bank owners. That is the problem.

SHRI H. M. PATEL: Sir, there are no private bankers so far as the nationalised banks are concerned. Under

section 15 of the Banking Service Commission Act, until a notification is issued, the banks are entitled to go on recruiting in the same way as they were doing before. In fact, on the date when the Commission was abolished under the Ordinance, there had been no notification issued under section 15.

SHRI JAGJIT SINGH ANAND: Sir, he did not answer the main question.

MR. CHAIRMAN: It is all right now.

SHRI JAGJIT SINGH ANAND: He cannot evade it. I asked him: Why did he not call for a Joint Session for the revival of the Banking Service Commission even if it was a one-man Commission? Sir, that is the crux of the whole thing. It has never happened in this Parliament that the will of the Parliament has been ignored. He is evading the question. I am asking him... *(Interruptions)*.

SHRI H. M. PATEL: Sir, I am not evading the issue. I have already said that it is one of the points under the consideration of the Government.

SHRI JAGJIT SINGH ANAND: For how long? They want to change... *(Interruptions)*.

MR. CHAIRMAN: You cannot have a debate.

SHRI RISHI KUMAR MISHRA: The Government, on the face of it, is guilty of trying to flout the will of the Parliament by delay and procrastination. Now, the hon. Finance Minister has given replies which appear to be contradictory. Anyway, as I understood him, he said that the Government is committed to the revival of the Banking Service Commission and that a decision in this respect will be taken soon. If this is so, will the hon. Minister give an assurance to this House that a decision in this regard will be taken before the end of this financial year so that the pro-

cess of recruitment to the banking services is not held up? The Government has already committed the crime of trying to flout the wishes of this Parliament. If they want to have a Joint Session, let them have it before the end of this year, so that at least they are not guilty of it. If not, whatever decision the Government wants to take, let them take it before the end of this financial year. If this also is not possible, a specific date must be given to this House, because it is a decision of this Parliament which is being flouted. You cannot say that it is a question under the active consideration of the Government, and go on with this till the end of your term or till somebody removes you from office. This cannot be allowed. Therefore, Sir, as Chairman of this House you have also to see that the verdict given by this House is respected and no Government is allowed to flout it. Will he give a complete fixed time-table?

SHRI H. M. PATEL: Sir, certainly I can assure the House that a decision will be taken in regard to this matter, say, within three weeks or so.

R. B. I. Directive to Commercial Banks Regarding Interest Rates

*422. **SHRI SAWAI SINGH**

SISODIA:†

SHRI PRAKASH MEHRO-
TRA:

SMT. HAMIDA HABIBUL-
LAH:

Will the Minister of **FINANCE** be pleased to state:

(a) whether the Reserve Bank of India has directed all commercial banks to reduce their deposit and lending rates; and

(b) if so, what are the details in this regard?

THE MINISTER OF FINANCE
(**SHRI H. M. PATEL**): (a) and (b)
A statement is laid on the Table of the House.

Statement

Information regarding the revisions made by the Reserve Bank of India in the interest rate structure of the scheduled commercial banks effective from March 1, 1978, is set out in Annexures I and II.

ANNEXURE I

Changes introduced in Deposit Rates of Scheduled Commercial Banks with effect from March 1, 1978

	Per cent per annum	
	Rates prior to March 1, 1978	New rates
<i>Deposit Rates</i>		
<i>Current Deposits</i>	Nil	Nil
<i>Savings Deposits</i>	3% on savings deposits with cheque facility and 5% on savings deposits without cheque facility.	4½
<i>Fixed Deposits</i> (including recurring deposits, cumulative deposits etc.)		
(a) 15 days to 45 days	3	2½

†The question was actually asked on the floor of the House by Shri Sawai Singh Sisodia.