

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

STARRED QUESTION NO.†*328

TO BE ANSWERED ON 24th MARCH, 2017/ CHAITRA 3, 1939(SAKA)

Fake Appointment in Banks

Question

†*328: SHRI CHANDRAKANT KHAIRE:
SHRI HARISHCHANDRA CHAVAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware of some appointments made in the banks on the basis of furnishing fake certificates in connivance with the bank officials/staff and if so, the details thereof;
- (b) whether the Government has conducted any inquiry in such cases and if so, the details thereof and if not, the reasons therefor;
- (c) whether any mechanism exists in the banks to prevent fraudulent appointments and if so, the details thereof; and
- (d) the corrective steps taken by the Government in this regard?

ANSWER

**The Finance Minister
(Shri Arun Jaitley)**

(a) to (d): A Statement is laid on the Table of the House.

**LOK SABHA STARRED QUESTION NO.†*328 FOR ANSWER
ON THE 24TH MARCH, 2017 REGARDING ‘FAKE
APPOINTMENT IN BANKS’TABLED BY SHRI CHANDRAKANT
KHAIRE&SHRI HARISHCHANDRA CHAVAN MEMBERS OF
PARLIAMENT.**

(a) to (d): Public Sector Banks(PSBs) have managerial autonomy in recruitment of officers, clerical and sub-staff. Four PSBs have reported cases of fake certificates being submitted at the time of appointment. The details are **annexed**.

PSBs make offer of appointment subject to verification of the eligibility and identity of the candidate and supporting documents. In case of doubts/discrepancies, PSBs refer the matter to concerned issuing authority and if such certificates are found to be fake, then the appointment of such candidates is terminated. To check incidents of impersonation, a biometric authentication process has also been introduced by Institute of Banking Personnel Selection, which conducts the recruitment process on behalf of PSBs, other than State Bank of India.

Annexure

S. No.	Name of PSB	Number of cases involving fake certificates	Nature of fake certificate	Number of bank officials/staff involved
1	Oriental Bank of Commerce	4	Caste Certificate	Nil
2	Indian Overseas Bank	253	Qualification/ Service Certificate	89
3	Bank of Baroda	30	Caste Certificate	Nil
4	Andhra Bank	28	Caste Certificate	Nil

NOTE FOR PAD

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Information about Hon'ble Member of Parliament

SHRI CHANDRAKANT KHAIRE, MP

Shri Chandrakant Khaire is a Member of Parliament in Lok Sabha from the State of Maharashtra. He belongs to Shiv Sena. He is B.Sc. (1st Year), Diploma in Personnel Management from Marathwada University, Aurangabad.

SHRI HARISHCHANDRA CHAVAN, MP

Shri Harishchandra Chavan is a Member of Parliament in Lok Sabha from the State of Maharashtra. He belongs to Bhartiya Janata Party. He is Bachelor of Art in English Literature from K.G. Joshi College, Thane, Maharashtra.

List of Possible Supplementary Questions

Ques.1 What are the total number of employees in Public Sector Banks?

Ans. The category-wise employees in PSBs are as under:

(as on 31.12.2016)

Category	Employees
Officers	4,02,907
Clerical	3,13,297
Sub-staff	1,49,142
TOTAL	8,65,346

Ques.2 How is recruitment done in PSBs?

Ans. PSBs have managerial autonomy in matters related to Human Resources (HR) including recruitment. Accordingly PSBs make their assessment and give indent to Institute of Banking Personnel Selection (IBPS) for provisional allotment. IBPS conducts Online Common Written Examinations (CWEs), declares results, provides support for conducting common interviews, compiles results and carries out provisional allotment based on merit cum preference subject to availability. Subsequently PSBs do the final appointment after completing the pre-appointment formalities i.e. verification of testimonials and medical examination etc.

Ques.3 What is Institute of Banking Personnel Selection (IBPS)? What is the role of IBPS?

Ans. The IBPS is a public trust registered under the Bombay Public Trust Act, 1950 and also the Societies Registration Act, 1860. It is not a statutory body established under a specialised legislation. It is completely Autonomous Body which specialises in conducting screening examination for the recruitment of personnel to banks and other organizations.

IBPS is a test conducting agency, acting as per mandate given by the participating banks/organization to facilitate selection of suitable candidates for filling up the reported vacancies.

In the year 2010, Government agreed to the proposal of IBA to conduct common examination for all Nationalized Banks through IBPS. Since then, IBPS has conducted four recruitment process for the Banks so far.

On receipt of the mandate from participating banks/organizations, IBPS initiates Common Written Examination for POs/MTs and Clerks by issuing an advertisement/ notification in its public domain i.e IBPS website containing detailed information about the guidelines/instructions/terms and conditions for participating in the CWE recruitment process. The advertisement also published in Employment News and Window advertisement was given in prominent newspaper publication of all states all over India.

The final recruitment/appointment of the provisionally allotted candidates is given by the participating organization based on their terms and conditions and requirements.

Ques.4 Has Managerial Autonomy been given to PSBs in matter of recruitment?

Ans. The PSBs have been granted additional managerial autonomy vide letter dated 22.02.2005 (**Annexure-I**). In terms of the managerial autonomy granted to the PSBs by the Government, they enjoy full operational and managerial autonomy which includes framing of their own “Human Resources” policies and procedures within the broad guidelines issued by Government from time-to-time. The banks with the approval of their respective Boards can design appropriate policies in the matter, from time to time.

Ques.5 What is the status of recruitment made by PSBs in last 3 years?

Ans. The details of recruitment made in PSBs in last three years are as under:

Year	Officers	Clerical cadre	Sub-staff	Total
2013-14	31911	43434	14793	90138
2014-15	27333	25199	12722	65254
2015-16	25342	33175	7570	65997
2016-17 (Estimated as on 31.12.2016)	25789	44210	10208	80207

Ques.6 What is status of reservation in recruitment?

Ans. Reservation in recruitment in PSBs is provided as per the Government guidelines as follows for officers.

Scheduled Castes (SC)	:	15%
Scheduled Tribes (ST)	:	7.5%
Other Backward Classes (OBC)	:	27%

Apart from the above, there is reservation within the existing reservation for physically handicapped persons as under:

Blindness or low vision (VI)	:	1%
Hearing Impaired (HI)	:	1%
Locomotor disability or cerebral palsy(OC)	:	1%

Apart from the above, the reservation in recruitment of Ex-servicemen for clerical and sub-staff cadre in Bank is as under:

Disabled Ex-servicemen/ Dependents of servicemen killed in action	:	4.5%
Ex-servicemen (in clerical cadre)	:	10%
Ex-servicemen (in sub-staff cadre)	:	20%

Ques.7 What are the Bank-wise details of the appointments made in PSBs on the basis of furnishing fake certificates?

Ans. A bank-wise statement is at **Annexure-II**.

Ques.8 What is the present status of cases involving appointments through fake certificates in PSBs?

Ans. The present status of the cases is as under:

S. No.	Name of PSB	Number of cases found with fake certificates	Nature of fake certificate	Action taken/Status of the cases
1	Oriental Bank of Commerce	4	Caste Certificate	All the 4 cases are Sub-Judice at High Courts (Madras, Mumbai, Hyderabad) /apex court
2	Indian Overseas Bank	253	Qualification/Service Certificate	Major penalty proceeding initiated. Out of 253: 148 – Terminated for fake education qualification certificate 105 – Terminated for fake service certificate
3	Bank of Baroda	30	Caste Certificate	Cases referred to Vigilance Committee/subjudice in High/Civil Courts.
4	Andhra Bank	28	Caste Certificate	Cases referred to Issuing Authority/District Collectors.

Ques.9 What is the number of Officers/staff involved in appointment through fake certificates?

Ans. No Public Sector Bank other than **Indian Overseas Bank** has reported involvement of bank officers/staff in appointment through fake certificates. The details are as under:

Name of the Bank	Category	Number
Indian Overseas Bank	Officer	80
	Clerk	9
	Total	89

Ques.10 What are the cases appointed on the basis of fake certificate in Oriental Bank of Commerce?

Ans. Oriental Bank of Commerce has reported as under:

- (i) There are 4 cases involving fake caste certificate. Bank had started disciplinary/departmental inquiry against all employees.
- (ii) At present all the cases are sub-judice in the High Courts.
- (iii) No Bank officer/staff is involved in these four cases.
- (iv) The detail of joining and detection of cases are under:

	Date of joining	Detected in the year
1 st case	1983	2001
2 nd case	1984	2003
3 rd case	1986	2006
4 th case	1986	2007

Ques.11 What are the cases appointed on the basis of fake certificate in Bank of Baroda?

Ans. Bank of Baroda has informed as under:

- (i) There are 30 cases appointing on the basis of fake caste certificate.
- (ii) Cases are pending at the level of District Vigilance Committee/State Vigilance Committee/Various Courts.
- (iii) No Bank officer/staff is involved in these four cases.
- (iv) The detail of joining of the employees in bank is under:

Number of employees	Year of joining
13	1979-85
11	1986-92
2	1993-99
1	2000

3 employees retired from service.
--

Ques.12 What are the cases appointed on the basis of fake certificate in Indian Overseas Bank?

Ans. Indian Overseas Bank has informed as under:

- (i) There are 253 cases appointing on the basis of fake certificate.
- (ii) 148 employees terminated due to submission of fake educational qualification certificate.
- (iii) 105 employees terminated due to submission of fake service certificate.
- (iv) 89 Bank officers/staff are involved in appointment on the basis of fake certificate.
- (v) Appointments were made in 2010 and cases of fake certificates detected in the year 2011.

Ques.13 What are the cases appointed on the basis of fake certificate in Andhra Bank?

Ans. Andhra Bank has informed as under:

- (i) There are 28 cases appointing on the basis of fake caste certificate.
- (ii) Cases are pending at the level of Issuing Authority.
- (iii) No Bank officer/staff is involved in these four cases.
- (iv) The detail of joining of the employees in bank is under:

Number of employees	Year of joining
2	1981
4	1983
7	1984
1	1985
2	1986
8	1989
1	1990
1	1994
1	2001
1	2009

Ques. 14 What are the mechanisms that exist in the banks to prevent fraudulent appointments?

Ans. The various check mechanisms in existence are as under:

- i) To check incidents of impersonation, a biometric authentication process has also been introduced.
- ii) At the time of online exam, the photo of the candidate is matched with photo appearing in the call letter. Also, the signature of the candidate matched with the appearing on the attendance sheet.
- iii) PSBs make offer of appointment to the provisionally allotted candidates after verifying the eligibility and identity of the candidate against the original documents.
- iv) PSBs also verify all the original documents at the time of joining the Bank.

- v) In case of doubts/discrepancies, PSBs refer the matter to concerned issuing authority.
- vi) If such certificates are found to be fake, then the appointment of such candidates is terminated.

Annexure-I

Managerial Autonomy for Public Sector Banks

Background

developed management. and growing are now to compete there is a vital need to be achieved by allowing autonomy on lines comparable to the private sector in India.

1. The functioning of commercial organizations in most jurisdictions is marked by a separation of ownership and management. With the opening up of the Indian economy to internationalization, the Public Sector Banks (PSBs) have to compete with the best banks in the region. Consequently, they need to provide a level playing field for PSBs. This can be achieved by providing them operational flexibility and functional autonomy comparable to those with their global counter-parts and those in the private sector.

Managerial autonomy for Public Sector Banks would imply that the Board of Directors has the freedom and responsibility for operating within the broad framework of Government policies. It is a clear demarcation between the roles of owners, the Government, and the executive management. The present situation where PSBs are purely managerial and routine administrative functions are required to operate under Government guidelines should be changed to a framework where all such issues are driven by policy decisions of the Board of Directors. The objective is to ensure that PSBs operate on sound principles of corporate governance. The key is to design a framework in which Government will exercise its rights without transgressing into the management functions of PSBs. Hence, a framework for managerial autonomy for the PSBs has been drawn up clearly defining the role of the Government and providing the requisite flexibility to the management of the banks in respect of their operations.

2. Managerial autonomy for Public Sector Banks implies that their Board of Directors is vested with the authority to decide and decide on deciding managerial issues within the framework of Government policies. There should be a clear demarcation between the Board of Directors and the Government. In the present situation, where even on operational issues, banks are required to seek Government approval, this should be replaced by a framework where PSBs function on the basis of the prescriptions of the Government. The key issue is to ensure that PSBs function on sound principles of corporate governance. The key is to design a framework in which Government will exercise its rights without transgressing into the management functions of PSBs. Hence, a framework for managerial autonomy for the PSBs has been drawn up clearly defining the role of the Government and providing the requisite flexibility to the management of the banks in respect of their operations.

Role of the Government

3. The Government will continue to exercise the following functions in its capacity as the owner.

ector and
nment has
to strengthen
consistency in
The guidelines will
parent process and a
son to ensure a 3-5 year

i) Appointment of the Chairperson & Managing Director
the Executive Directors in the PSB. Government
formulated overall HR policy guidelines
professionalism and ensure greater
managerial capability across Banks.
provide for clear criteria, a transparent
deeper and wider base of selection
term for CMDs and EDs.

persons as Non-official Directors,
proper criteria, from various interest
provided in the statute. For this, a talent
pool up by Government/RBI.

ii) Appointment of eminent
based on the 'fit and proper'
groups/fields as proposed
pool may be drawn

control at the macro-level and regular review of
performance/achievement of the bank on important
determined parameters fixed in consultation with the
Board of Directors of the Bank.

iii) Appropriate
the performance
pre-defined
Board

Government now owns 100 per cent equity in only 4 of the 19
nationalized Banks. The existence of private shareholders in the PSBs
poses a responsibility on Government, as the majority shareholder, to
enhance shareholder value and protect minority shareholders' rights.

4. The Government
National
imposed
enforced

The Government will create an environment conducive for the PSBs to
raise additional funds from the market for meeting the Basel II
requirements and to respond effectively to emerging competitive
pressures.

Role of Board of Directors of Public Sector Banks

5. Existing criteria for operational autonomy

is already

Operational autonomy, as indicated in para 6 below, is available to banks that fulfill the following criteria:

than 9 per cent as on

of advances.

of crore.

- Earned net profits in the past three years.
- Capital Adequacy Ratio (CAR) of more than 9 per cent as on 31.03.2001.
- Net NPA level below 9 per cent of advances.
- Minimum owned funds of Rs. 100 crore.

6. Existing Areas of Autonomy

Public Sector Banks enjoy operational autonomy in the following areas:

At present, Public Sector Banks enjoy operational autonomy in the following areas:

1. Appointment and transfer of personnel in overseas branches.

➤ Placement

2. Appointment to senior executive grades i.e. up to the level of Deputy General Managers.

➤ Promotion

3. In particular, banks are free to draw up their own policy for creation, abolition, upgradation of posts and 'Fast Track' promotions, upto Deputy General Managers.

- Rewards and incentives for meritorious performance, except out-of-turn promotions.

- Deputation of officers, lateral induction of officers on contract basis and lateral mobility of officers within the bank.
- Prescribing minimum educational qualifications for subordinate staff.
- Fix requirement of rural postings for bank officers.
- Campus recruitment to attract talent.

ers upto General

- Transfer and posting of all staff and officers upto Manager level.

nomy to the Board of

7. Areas of further operational autonomy for Directors now proposed:

performance, the executive management, and the top management team should report to the Board of Directors. The Boards of PSBs should carry out their functions efficiently and without undue interference. In addition to statutory requirements, Government policy and regulatory guidelines issued by RBI from time to time. The Boards should have the freedom of action in the following areas:

As part of good corporate governance, the Boards comprising Whole-Time Directors should be directly responsible to the shareholders. The Directors will enjoy freedom to carry out their duties without any impediment, subject to the regulatory prescriptions and regulations. The Banks will be allowed

(i) Pursue new lines of business as part of overall business strategy.

(i) P

- (ii) Make suitable acquisitions of companies or businesses, close/merge unviable branches, open overseas offices, set up subsidiaries and exit a line of business

	(iii) Decide all Human Resource issues relating to the Bank, including staffing pattern, recruitment, placement, transfer training, promotions, pensions etc.	
s, based	(iv) Prescribe standards for categorization of branches on volume of business and other relevant factors	
ions, minimum es of promotion/	(v) Prescribe essential academic qualification standards and modalities for recruitment to various categories.	
ountries to interact with r stakeholders.	(vi) Undertake visits to foreign countries, investors, depositors and other stakeholders.	
accountability and responsibility of se action against erring Bank officials a such policy. The policy framework or stringent punishment for all mala fide at the same time, recognize that bona fide occur while making decisions relating to al judgment.	(vii) Lay down policy of action against erring Bank officials and take strict action in conformity with the policy. The policy should provide for stringent punishment for mala fide actions but, at the same time, recognize that bona fide errors do occur while making decisions relating to business judgment.	
onomy/powers to stronger banks exhibiting good ance:	8. Further action to improve the performance of weaker banks	
the case of banks which, as on 31.03.2004, fulfill the following a.	In the case of banks which, as on 31.03.2004, fulfill the following criteria:	
	<ul style="list-style-type: none"> • Earned net profits over the last three years. • Capital Adequacy Ratio of 9 per cent or more • Net NPAs of less than 4 per cent, and 	

- Minimum owned funds of Rs 300 crores

to
powers

As a part of the overall HR policy guidelines, it is now proposed to allow the Board of Directors to exercise the following additional powers and functions:

ards will have
s and procedures
criteria, mode of

- (i) **Framing HR policies and procedures.** Boards will have the flexibility to frame their own HR policies and procedures for recruitment including eligibility criteria, levels of entry etc.

Creation of General Managers
to create additional posts of General Managers as and when needed. The policy guidelines will provide for mobility at the General Manager level.

- (ii) **Creation of additional posts.** Boards would be authorized to create additional posts of General Managers based on the need. They will also provide for mobility between Banks.

Remuneration and compensation of staff. The overall pay structure of officers and staff is now determined after industry-wide negotiations. The Boards would now be free to sanction incentive pay, linked to performance, within the pay scales decided after the negotiations. Such incentives are intended as tangible recognition for a small proportion of personnel in each scale who are genuinely outstanding performers. Specialized cadre can also continue to be provided differential remuneration. This will help banks attract talented individuals in operational areas like marketing, information technology, risk management and credit. Such differential remuneration will be subject to an overall ceiling for establishment expenditure.

- (iii) **Decisions on officers and staff.** Boards will have the flexibility to frame their own HR policies and procedures for recruitment including eligibility criteria, levels of entry etc.

(iv) **Decisions on the amount of contribution to be made to the Staff Welfare Fund.** The existing guidelines do not make any distinction between the size of different banks, their varying number of employees and their level of performance. The guideline prescribing a uniform contribution of 3 per cent of the bank's Net Profit or a maximum of Rs 10 crore will be replaced by an upper ceiling on the contribution to be made per employee.

Economy and the shamble-footed and have managerial resources, Public banks need to be equipped with greater operational efficiency. Government, as it wishes to make room for such Public Sector Banks with a level of managerial autonomy in the context that the managerial autonomy has been designed.

9. With the globalization of the Indian banking system and the advent of private banks that are more nimble and have access to a wealth of technology and managerial expertise, Public Sector Banks have to be better equipped with the flexibility to transact business more efficiently. The principal stakeholder, viz. the Government, has to provide the necessary autonomy and provide the playing field. It is in this context that the features as afore-mentioned

Annexure-II

S. No.	Bank Name	Number of cases with fake certificates
1	Allahabad Bank	NIL
2	Andhra Bank	28
3	Bank of Baroda	30
4	Bank of India	NIL
5	Bank of Maharashtra	NIL
6	Bhartiya Mahila Bank	NIL
7	Canara Bank	NIL
8	Central Bank of India	NIL
9	Corporation Bank	NIL
10	Dena Bank	NIL
11	IDBI Bank Ltd	NIL
12	Indian Bank	NIL
13	Indian Overseas Bank	253
14	Oriental Bank of Commerce	4
15	Punjab and Sind Bank	NIL
16	Punjab National Bank	NIL
17	State Bank of Bikaner & Jaipur	NIL
18	State Bank of Hyderabad	NIL
19	State Bank of India	NIL
20	State Bank of Mysore	NIL
21	State Bank of Patiala	NIL
22	State Bank of Travancore	NIL
23	Syndicate Bank	NIL
24	UCO Bank	NIL
25	Union Bank of India	NIL
26	United Bank of India	NIL
27	Vijaya Bank	NIL
	Total	315