

## **BANKING SERVICE COMMISSION ACT, 1984**

**44 of 1984**

**[2nd June, 1984]**

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STATEMENT OF OBJECTS AND REASONS While reviewing the then existing arrangements for the recruitment and man-power planning in the public sector banks, the Banking Commission had recommended the establishment of an independent common recruitment agency for all the public sector banks on the lines of the Union Public Service Commission so that objective, rational and impartial selections could be ensured. Government had accepted this recommendation of the Banking Commission. Accordingly, the Banking Service Commission Act, 1975 was enacted by Parliament to provide for the establishment of a Banking Service Commission.

2. Before the Commission established under the Banking Service Commission Act, 1975 could start functioning, the Act was repealed in 1978. Thereafter, Banking Service Recruitment Boards were established by way of an alternative machinery to effect recruitment of officers and clerks in the public sector banks. The working of the Recruitment Boards for over five years has shown deficiencies such as duplication of efforts and wastage of resources on the recruitment of officers from different regions. It was, therefore, considered necessary to make some modifications in the existing process for the recruitment of officers in the public sector banks so that there is economy in expenditure, speedier conduct of recruitment and judicious placement and improved quality of candidates. The Bill seeks to give effect to this idea for providing for the establishment of a body corporate to be called "The Banking

Service Commission". 3. The proposed Commission will be responsible for the direct recruitment of officers in all the 28 public sector banks by conducting examinations or making selections. 25 per cent. of the vacancies in the junior management grade in the general category are to be filled in by direct recruitment. The Bill also seeks to vest in the Commission the power to make appointments on promotion to the posts of Assistant General Managers and above in the public sector banks. 4. The proposed Commission will consist of a Chairman and not more than eight members of whom not less than half shall be persons with experience in, or knowledge of, banking and financial institutions. The expenditure of the Commission is proposed to be met mainly from the fees to be paid by the public sector banks on whose behalf the recruitments are to be made by the Commission. The Bill seeks to exempt the Commission from payment of taxes on income, profit and gain. 5. The Bill seeks to achieve the above objects. Notes on clauses explain the various provisions of the Bill. - Gar.. of Ind., 7-5-1984, Pt. II, S. 2. Ext., p. 13 (No. 30).

CHAPTER 1  
PRELIMINARY

**1. Short title and commencement :-**

(1) This Act may be called the Banking Service Commission Act, 1984.

(2) It shall come into force on such date as the Central Government may, by notification, appoint and different dates may be appointed for different provisions of this Act.

**2. Definitions :-**

In this Act, unless the context otherwise requires.-

(b) "Chairman" means the Chairman of the Commission:

(d) "grade", in relation to a public sector bank, means a grade for officers as specified in the rules or, as the case may be, the regulations of the bank;

(e) "junior management grade", in relation to a public sector bank, means the lowest grade of officers in that bank;

(f) "members" means a member of the Commission but does not include the Chairman;

(g) "notification" means a notification published in the Official

Gazette;

(h) "officer" means an officer of any grade; '

(i) "prescribed" means prescribed by rules made under this Act;

(k) "regulation" means a regulation made under this Act.

(m) "Secretary" means the Secretary of the Commission;

(n) "vacancy" includes a newly created post which has not been filled in.

## CHAPTER 2

### BANKING SERVICE COMMISSION

#### **3. Establishment of the Commission :-**

(1) With effect from such date as the Central Government may, by notification specify in this behalf, there shall be established for the purposes of this Act a Commission, to be called the banking Service Commission.

(2) The Commission shall be a body corporate having perpetual succession and a common seal with power to acquire, hold and dispose of property and to contract, and may by the said name sue and be sued.

(3) The Head Office of the Commission shall be at Delhi or si such other place as the Central Government may, by notification, specify.

#### **4. Appointment and terms of office of Chairman and members :-**

(1) The Central Government shall, by notification, appoint a person to be the Chairman of the Commission and not more than eight other persons to be members of the Commission : Provided that at least one member shall be from amongst persons belonging to the Scheduled Castes or the Scheduled Tribes.

(2) The Chairman and members shall be persons who, in the opinion of the Central Government, are men of ability. integrity and standing and have special knowledge of, or practical experience in, financial economic or business administration or in the administration of Government or in any other matter which would render such persons suitable for appointment as Chairman or member : Provided that as nearly as may be one-half of the

members shall be persons who, on the date of their respective appointment, have had such experience for not less than ten years in a banking company or in any public sector bank or Reserve Bank or in an institution wholly or substantially owned by the Reserve Bank or a public financial institution.

(4) The other terms and conditions of service of the Chairman and members shall be such as may be prescribed.

(5) If the office of the Chairman becomes vacant or if the Chairman is unable to discharge his functions owing to absence, illness or any other cause such member of the Commission as the Central Government may, by order, specify, shall discharge the functions of the Chairman up to the date on which a new Chairman is appointed or, as the case may be, the Chairman resumes his duties.

**5. Prohibition as to holding offices by Chairman or member on ceasing to be such Chairman or member :-**

A person who holds office as Chairman or member shall, on his ceasing to hold such office by reason of the expiration of his term or otherwise, be ineligible for re-appointment in the Commission or for employment under the Government of India or of any State or in the Reserve Bank or in any institution wholly or substantially owned by the Reserve Bank or in any public sector bank or any banking company or in a public financial institution: Provided that a member to whom this section applies, shall be eligible for appointment as Chairman, but shall not be eligible for any other employment.

**6. Removal and suspension of Chairman or the members from office in certain circumstances :-**

(2) Notwithstanding anything contained in sub-section (1), the Chairman or any member shall not be removed from office on the ground specified in clause (d) or clause (e) or clause (f) of that sub-section unless the matter has been referred to an Inquiry Officer appointed under sub-section (3) and such officer has, after an inquiry, held in accordance with such procedure at the Central Government may specify in this behalf, reported that the member ought, on such grounds, to be removed.

(3) For the purpose of holding an inquiry under sub-section (2) the Central Government may, by order, appoint, as an Inquiry Officer, a person who is holding or has held the office of a Judge of the Supreme Court or of any High Court.

(4) The Central Government may suspend from office the Chairman or any member in respect of whom a reference has been made to an Inquiry Officer under sub-section (2), pending such inquiry.

(5) The terms and conditions of service of any Inquiry Officer appointed under sub-section (3) shall be such and the Central Government may, by order, specify.

#### **7. Power of Commission to constitute committees :-**

(1) The Commission may, in such manner and subject to such conditions and restrictions as may be prescribed, constitute one or more committees consisting wholly of its members or partly of its members and partly of other persons and delegate to any committee so constituted such of the functions and powers of the Commission as may be specified in the rules made by the Central Government: Provided that the Commission may constitute any committee either with. or without, the Chairman as one of the members of such committee.

(2) The sitting fee and travelling allowance payable to persons, other than the Chairman and members for attending any meeting of the committee, shall be such as may be prescribed.

#### **8. Secretary and other staff of the Commission :-**

(1) The Commission may, with the previous sanction of the Central Government, appoint a Secretary for the efficient discharge of its functions under this Act.

(2) The terms and conditions of service of the Secretary shall be such as may be prescribed,

(3) Subject to such regulations as may be made in this behalf, the Commission may appoint such other employees as it may think necessary for the efficient discharge of its functions under this Act on such terms and conditions as the Commission may, having regard to the terms and conditions of service of the comparable posts in the Central Government, determine with the previous sanction of the Central Government.

#### **9. Authentication of orders and other instruments of the Commission :-**

(1) All orders and instruments issued by the Commission shall be authenticated by the signature of the Secretary or any other

employee of the Commission authorised by the Chairman in this behalf.

### CHAPTER 3

#### FUNCTIONS OF THE COMMISSION

#### **10. Duty of Commission to hold competitive examinations or make selections for appointment to posts in public sector banks :-**

It shall be the duty of the Commission to conduct examination or to make selections or both for appointments in public sector banks for filling vacancies in-

(a) posts of officers required to be filled by direct recruitment.

(b) posts of officers of and above the rank of Assistant General Manager or of its equivalent rank required to be filled by promotion; and

(c) such other posts as the Central Government may, by notification, specify.

#### **11. Calling for applications and conduct of examinations or selections :-**

(2) The fee payable on an application under sub-section (1) shall be such as may be specified by regulations and such fee shall not exceed eighty rupees.

#### **12. Duty of public sector banks to communicate to the Commission of number of vacancies :-**

(2) Communications of vacancies referred to in sub-section (1) shall be made in such form and in such manner as may be specified in the regulations.

#### **13. Cases in which Commission may not be consulted :-**

It shall not be necessary to consult the Commission in regard to the selection of a person-

(a) for appointment to a post in the junior management grade on compassionate grounds or other special grounds (in pursuance of the scheme framed by a public sector bank in consultation with the Commission and with the previous sanction of the Central Government):

#### **14. Duty of Commission to make recommendation :-**

It shall be the duty of the Commission to make, on the basis of the

results of examinations conducted or on the basis of the selection made by it or, as the case may be, on the basis of both, recommendations to each public sector bank in such manner as may be specified by regulations for appointments to fill the vacancies communicated to it by such bank under section 12 .

**15. Communicated vacancies to be filled only on the recommendation of the Commission :-**

**16. Power of Central Government to entrust other advisory functions to the Commission :-**

The Commission shall discharge such functions of an advisory nature as the Central Government may, by notification, entrust to it.

**17. Reservation of posts for candidates belonging to Scheduled Castes and Scheduled Tribes\* and other categories of persons :-**

The Central Government may, by order, direct that in relation to every public sector bank, reservations in favour of the Scheduled Castes, Scheduled Tribes and other categories of persons shall be made in such manner and to such extent as it may specify: Provided that in giving any direction as aforesaid, the Central Government shall have due regard to the reservation of posts made for the Scheduled Castes, Scheduled Tribes and other categories of persons in relation to recruitments to the services of the Government and to the general need, and special requirements, of such public sector bank.

**18. Fund of Commission :-**

(1) The Commission shall have its own Fund and all the receipts of the Commission shall be credited to the Fund and all payments by the Commission shall be made therefrom.

(2) All moneys belonging to the Fund shall be deposited in such banks or invested in such manner as the Commission may, subject to any general or special order made by the Central Government in this behalf, decide.

(3) The Commission may spend such sums as it thinks fit for performing its function under this Act and such sums shall be treated as expenditure payable out of the Fund of the Commission,

**19. Payment to the Commission :-**



(1) The Central Government may, subject to any rules that may be made in this behalf, direct every public sector bank to pay to the Commission such fee as it may determine and the aggregate amount of the fee so determined shall not exceed the expenses incurred by the Commission.

(2) The aggregate amount of fee payable under sub-section (1) shall be apportioned by the Central Government between different public sector banks and in making such apportionment in relation to a public sector bank, the Central Government shall have due regard to the demand and time liabilities of that public sector bank.

(3) For the purpose of meeting the expenditure of the Commission, the Central Government may, by general or special order, direct the payment by every public sector bank of an advance of such amount as it may specify and the advance so made shall be appropriated or adjusted in such manner as may be prescribed.

#### **20. Budget of the Commission :-**

The Commission shall prepare in such form and at such time each year as may be prescribed. a budget in respect of the year next ensuing showing the estimated receipts and expenditure; and submit the same to the Central Government for approval

#### **21. Accounts and audit :-**

(1) The Commission shall maintain proper accounts and other relevant records and prepare an annual statement of accounts for such period, in such form, at such time and in such manner as may be prescribed.

#### **22. Annual report :-**

The Commission shall prepare once every year, in such form and at such time as may be prescribed, an annual report giving a full account of its activities during the previous year, and copies thereof along with copies of its annual accounts and auditor's report shall be forwarded to the Central Government and that Government shall cause the same to be laid before both Houses of Parliament.

#### **CHAPTER 4**

#### **MISCELLANEOUS**

#### **23. Obligation as to secrecy :-**

The Chairman and members and the Secretary or other employees of the Commission, and every member of any committee constituted under sub-section (1) of section 7, shall maintain

strictest secrecy regarding the affairs of the Commission and shall not divulge, directly or indirectly, any information of a confidential nature to a member of the public unless compelled to do so by any judicial or other authority or unless instructed to do so by a superior officer in the discharge of his duties.

**24. Chairman, members, etc. to be public servants :-**

The Chairman and members and the Secretary or 'other employees of the Commission, and every member of any committee constituted under sub-section (1) of section 7 shall be deemed to be a public servant within the meaning of Section 21 of the Indian Penal Code, 1860 .

**25. Certain defects not to invalidate acts or proceedings :-**

(2) No act or proceeding of the Commission or of any committee thereof shall be invalid merely on the ground of the existence of any vacancy therein or defect in the constitution of the Commission or the committee, as the case may be.

**26. Protection of action taken in good faith :-**

No suit, prosecution or other legal proceedings shall lie against the Central Government or the Commission or any committee constituted under sub-section (1) of section 7 or any member of the Commission or of such committee or the Chairman or Secretary or other employee of the Commission for anything which is in good faith done or intended to be done under this Act or any rule made thereunder.

**27. Commission not liable to be taxed :-**

Notwithstanding anything contained in Income-tax Act, 1961, or any other enactment for the time being in force relating to income-tax, surtax or any other tax on income, profits or gains, the Commission shall not be liable to pay any tax or surtax in respect of-

(a) any income, profits or gains accruing or arising out of the Fund of the Commission or any amount received in that Fund; and

(b) any income, profits or gains derived, or any amount received, by the Commission.

**28. Delegation of powers :-**

The Commission may, by general or special order, delegate to the Chairman, any member, Secretary or any employee of the

Commission, subject to such conditions and limitations, if any, as may be specified therein, such of its powers and duties under this Act as it may deem fit.

**29. Amendment of Act 14 of 1947 :-**

For the purposes of Industrial Disputes Act, 1947, the Central Government shall be deemed to be the appropriate Government in relation to an industrial dispute concerning the Commission and the definition of "appropriate Government" in that Act shall have effect accordingly.

**30. Returns and information :-**

(1) The Commission shall furnish to the Central Government such return or other information with respect to its properties or activities as the Central Government may, from time to time, require.

(2) The Commission may, for the purpose of enabling it to discharge its functions under this Act, call upon any public sector bank to give such statements or furnish such particulars as the Commission may deem fit and every such bank shall comply with the same.

**31. Power to make rules :-**

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1) The Central Government may, by notification, make rules for carrying out the provisions of this Act.

**32. Power to make regulations :-**

(1) The Commission may with the previous approval of the Central Government, by notification, make regulations, not inconsistent with the provisions of this Act or the rules made thereunder, to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act.

**33. Rules and regulations to be laid before Parliament :-**

Every rule and every regulation made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule

or regulation, as the case may be, or both Houses agree that the rule or regulation, as the cue may be, should not be made. the rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the cue may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation.

**34. Power to remove difficulty :-**

If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, do anything, not inconsistent with such provisions, for the purpose of removing the difficulty: Provided that no such order shall be made after the expiration of three years from the date on which this Act receives the assent of the President.