

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) There are more than 60,000 bank branches in the country and the schedule of audits/inspection is determined by the banks/RBI. It would not be possible to indicate all branch-wise details in reply to a question as the information would be far too voluminous. Reserve Bank of India (RBI) have reported that as per the present policy with regard to on-site inspection of banks, the public sector banks are inspected every year. Private sector banks are also inspected every year. However, private sector banks with good rating are inspected at an interval of 1 to 1 1/2 years. Inspection of branches are taken up on selective basis. Besides, internal audits are carried out by the banks themselves. The focus of RBI inspection, inter-alia, is to assess compliance by banks with instructions/guidelines issued by RBI as well as the policies and procedures laid down internally by the management of the banks themselves. Where necessary, RBI also carry out special scrutiny in cases of serious irregularities coming to notice.

Inspection reports are voluminous documents and it is not feasible to chronicle all the findings in response to a question. Broadly, however, the irregularities observed may pertain to areas like deposits (including certificates of deposits) internal control, investments, window-dressing, stock invest scheme, credit management (pre-sanction appraisal, post disbursement follow up, security aspects, transgression of discretionary powers etc.) non-adherence to prudential limits, advances against selective commodities, advances against shares, review/renewal of credit limits, write-off of bad debts, bills, portfolio, non-fund based facilities, hiring of premises, consortium of lending, house-keeping (including inter-branch reconciliation blarcng of books, clearing adjustment account), provisioning etc.

(b) Based on the findings of the inspection, follow-up action is taken by RBI. After obtaining the comments of the bank on the inspection reports, the management of the bank (Chief Executive Officer and his executive team) are called for a discussion for identifying the steps required to be taken for eradicating the deficiencies. The bank's progress in implementing the agreed follow-up action plan is monitored.

(c) Frauds take place in banks either on account of systemic deficiencies or on account of non-compliance of prescribed procedures and rules.

Civil Procedure Code

539. SHRI SUBRAHMANYAM NELAVALA:

DR. T. SUBBARAMI REDDY:

SHRIMATI BHAVANA BEN

DEVRAJBHAI CHIKHALIA:

DR. VALLABH BHAI KATHIRIA:

Will the Minister of LAW and JUSTICE be pleased to state:

(a) whether a three days' Conference on Civil Code was held in Goa in May, 1997;

(b) if so, the outcome thereof;

(c) whether the Government propose to amend the Civil Procedure Code for early dispensation of civil justice in the country;

(d) if so, the details of the amendments proposed; and

(e) the time by which these amendments are likely to be introduced?

THE MINISTER OF STATE OF THE MINISTRY OF LAW AND JUSTICE (SHRI RAMAKANT D. KHALAP): (a) The Central Government and the Government of Goa did not hold any such conference.

(b) Does not arise.

(c) to (e) A proposal for the amendment of the Code of Civil Procedure, 1908 and the Limitation Act, 1963 to streamline administration of Civil Justice System is under active consideration and a Bill in this regard may be brought soon before Parliament.

High Level Meeting on CRB Scam

540. SHRI SANAT MEHTA: Will the Minister of FINANCE be pleased to state:

(a) the decisions taken in a high-level meeting held by the Finance Minister to review the situation arising out of scam created by CRB Capital Markets Ltd. wherein officers of RBI and CBI were present;

(b) whether it was able to assess about the amount which would be recovered from C.R. Bhansali after his arrest; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) The developments relating to CRB Capital Markets Ltd. have been reviewed by the Government in a number of meetings. Government has asked the regulators, i.e., Reserve Bank of India (RBI) and Securities and Exchange Board of India (SEBI) to undertake a thorough internal review of the regulatory actions in regard to these companies to see if there have been any lapses in application of regulations to CRB group of companies or in responding to warning signals, so that these deficiencies can be corrected. Government has also advised the State Bank of India to ascertain whether there was any internal failure to act on early warning signals emanating from the defaults in the payment arrangements with CRB Capital Markets Ltd. At the operative level in inter-departmental group comprising representatives of Central Bureau of Investigation (CBI), RBI, SEBI and the State Government has been constituted to ensure concerned action. RBI has also issued detailed instructions to banks prescribing the procedural safeguards to be taken into account while providing "at par" payment facilities to companies.