

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) According to the information received from Reserve Bank of India only Andhra Bank had applied for opening a branch at Ibrahimpatnam, District Krishna, Andhra Pradesh. The branch expansion programme for 1982-85 has been completed and considering all the relevant factors, the application was treated as lapsed by Reserve Bank of India.

(b) The centre Ibrahimpatnam with a population of 5370 is at present served by an Agricultural Development Branch of State Bank of India and a branch of District Central Cooperative Bank. It is the assessment of Reserve Bank of India that the centre is adequately banked and there is no need for an additional bank office for the present.

**Loss incurred by Singapore Branch of State Bank of India**

1718. DR. B.L. SHAILESH :  
SHRI SANAT KUMAR  
MANDAL :

Will the Minister of FINANCE be pleased to state :

(a) whether the Singapore Branch of State Bank of India has incurred a net loss of about Rs. 24 crores during 1984, according to a survey on financial institutions operation conducted at Singapore;

(b) if so, whether any investigation had been ordered into the causes of this Rs. 24 crores loss;

(c) the other branches of the State Bank of India and other nationalised banks in foreign countries which have incurred similar losses and the reasons therefor; and

(d) the steps Government propose to take to cut down such losses and close down the unremunerative branches abroad ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) and (b). The risk of some debts going bad is inherent in banking operations. Commercial Banks,

including Public Sector Banks, make provision every year out of their annual income for meeting their liability towards bad and doubtful debts to the satisfaction of their statutory auditors and write off the debts which are considered by their managements as ultimately unrecoverable against the provisions so made. State Bank of India has also made provisions for meeting its liability towards bad and doubtful debts including those at the Singapore branch. According to the form of balance-sheet and profit and loss account prescribed under the Banking Regulation Act, 1949 and according to customary practices and usages amongst bankers, particulars of bad and doubtful debts, for which provision has been made to the satisfaction of their auditors, are not to be disclosed. In view of this, information in this regard can not be divulged. Reserve Bank of India has, however, reported that it has already asked State Bank of India to look into the various loan losses incurred at the Singapore Branch and take appropriate action.

(c) A few other branches of State Bank of India and other Public Sector Banks are reported to have suffered loan losses during the year 1984. According to the Reserve Bank of India, these losses have occasioned due to failure of some large borrowers and the problem of externalisation of payments from some countries,

(d) The performance of the overseas branches of Public Sector Bank is continually reviewed by Government and the Reserve Bank of India. Instructions have already been issued to the banks to strengthen the working of all foreign branches and close down unremunerative branches if they are not viable.

[Translation]

**Fraud committed by General Manager, Punjab & Sind Bank**

1719. SHRI SIMON TIGGA : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that a case of embezzlement of twenty crores of rupees against the General Manager of Punjab & Sind Bank has come to light;

(b) if so, the action taken thereon;

(c) the steps being taken to check such frauds in banks; and

(d) the details of the action taken on the basis of recommendation of the Reserve Bank of India against 13 bank officers involved in the case ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) No, Sir.

(b) and (d). Do not arise.

(c) All banks have an internal inspection machinery and vigilance machinery. The inspectors inspect all branches at periodical intervals. The vigilance machinery of banks also carries out inspections/investigations when irregularities come to its notice. Whenever a fraud is detected by a bank or is brought to its notice, the bank takes up a preliminary investigation and based on the findings, decides to conduct a thorough investigation departmentally or hands over the case to the local police or to the CBI. On the basis of the enquiry reports received from the CBI or the police or internal enquiry, the banks award punishment to their staff who are found to be responsible for the frauds or whose lapses or negligence facilitated the commission of frauds. The Reserve Bank of India also oversees the working of the banks through inspections and returns. The banks have been advised to strengthen the control mechanism including the internal audit/inspection machinery and to make them more effective so as to eliminate the scope for frauds and malpractices. The Reserve Bank of India circulates to banks from time-to-time details of frauds of an ingenious nature and advises banks to adopt necessary safeguards. The cases of frauds are also reviewed in the Boards of the Banks. A Special Investigation Cell in the Reserve Bank of India looks into major frauds, and monitors, follow up action.

#### Strike by Bank Officials

1720. SHRI SARFARAZ AHMAD : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that bank officers had gone on taken strike on 13 August, 1985;

(b) whether it is also a fact that Government had warned them not to go on strike; and

(c) if so, the action taken against the officers who participated in the strike and the number of officers who took part in the strike ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) It is a fact that some bank officers other than those working in foreign banks and cooperative banks who were members of the All India Confederation of Bank Officers Organisation went on one day strike on 13th August, 1985 in response to a call given by the confederation.

(b) An appeal was issued by the Government to the officers of the banks not to go on the path of agitation or strike as this would cause considerable disruption to public life and will adversely effect the economy of the country. Banks were also asked to take all the necessary steps to ensure that banks are kept open on the day of strike and essential service is maintained. They were asked to inform the officer of the consequences of going on strike which would include deduction of full day's wage and initiation of disciplinary proceeding against them.

(c) As per the information available with the Indian Bank's Association (IBA), almost all the banks had effected wage cut of the officers who remained on strike on 13.8.1985. As the agitational programme was subsequently, withdrawn by the AICOBOO and the matter pertaining to salary revision for officers was amicably resolved, the banks in general did not consider taking any other action against them. As per the information available with the Indian Banks Association, the number of officials who took part in the strike was about 62832.

#### Complaints of Andhra Pradesh and Karnataka Governments regarding Loan Melas

1721. DR. A.K. PATEL : SHRI G. JANGA REDDY :

Will the Minister of FINANCE be pleased to state :