

**Reserve Funds of Nationalised Banks**

4339. SHRI SAMBHAJIRAO KAKADE: Will the Minister of FINANCE be pleased to state:

(a) whether the practice of holding reserve funds by nationalised banks has been continued;

(b) whether Government have issued any guidelines for use of these reserve funds by the nationalised banks;

(c) whether for the purpose of audit of bank accounts these reserve funds are taken into account and their proper utilisation is ensured;

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) and (b). In accordance with Section 17 of the Banking Regulation Act, 1949, every Banking Company incorporated in India is required to create a reserve fund and shall, out of the balance of profit of each year, as disclosed in the Profit and Loss Account prepared under Section 29 and before any dividend is declared, transfer to the reserve fund a sum equivalent to not less than twenty percent of such profit. Where a Banking Company appropriates any sum from the reserve fund or the share premium account, the fact is required to be reported to the Reserve Bank of India explaining the circumstances relating to such appropriation.

(c) and (d). The Balance Sheets and Profit & Loss Accounts of banks, prepared in accordance with Section 29 of the Banking Regulation Act, 1949, are required to be audited by a person qualified to be an auditor

and in terms of Section 30(3) of the aforesaid Act, the auditor has inter-alia to state in his report that the profit and loss account show a true balance of profit or loss for the period covered by such account.

**Financial assistance given by State Bank of India to Industrial Units in Kerala**

4340. SHRI A. CHARLES: Will the Minister of FINANCE be pleased to state:

(a) the amount of money given as financial assistance to the small scale industrial units in Kerala by the State Bank of India during 1988-89;

(b) the total number of persons benefited by the assistance; and

(c) how the assistance given during last year compares with those of the previous two years?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) State Bank of India (SBI) has reported that financial assistance of Rs. 15.28 crores has been given to 10,944 small scale industrial units in Kerala during the year 1988-89.

(b) and (c). The Reserve Bank of India (RBI) has reported that as at the end of June, 1987, the total outstanding advances of State Bank of India to small scale industrial units in Kerala were Rs. 70.55 crores in three thousand borrowal accounts. The performance at the end of June, 1987 compares favourably with the figures of previous two years as may be seen from these data set out below: