

OF LEGAL AFFAIRS, LEGISLATIVE DEPARTMENT AND DEPARTMENT OF JUSTICE (SHRI RAMAKANT D. KHALAP) : (a) Yes, Sir.

(b) The post of Election Commissioner fell vacant on 12th December, 1996 consequent upon the elevation of Dr. M.S. Gill as the Chief Election Commissioner of India.

(c) and (d) The necessary action for appointment of the Election Commissioner is being taken and the appointment will be made soon.

[English]

Supervision Department of RBI

33. SHRI I.D. SWAMI : Will the Minister of FINANCE be pleased to state:

(a) whether the setting up of the department of supervision in Reserve Bank of India after the securities scam has brought any changes in the working of the commercial banks;

(b) if so, the details thereof;

(c) the number of times inspections of the banks, both private and public sectors, were carried out during the last three years bank-wise ;

(d) the salient findings thereof; and

(e) the action taken by the Government thereon ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) The Department of Supervision in the Reserve Bank of India has initiated a number of steps which have resulted in improvement in the performance of the banking/financial system. It has put in place a new 'ongoing' supervisory strategy comprising periodic on-site inspections a prudential supervisory reporting system consisting of supervisory returns to be submitted by the banks as supplement to the on-site inspections, strengthening the internal control systems in the institutions and advocating increased usage of external audits as a supervisory resource. In addition it was decided to put the periodicity of inspection on an annual cycle in respect of public sector banks, foreign banks and certain private sector banks. There has also been the introduction of the off-site monitoring system, constitution of the audit committee of the board in the banks, and appointment of monitoring officers for certain weak banks. These supervisory initiatives have resulted in improvement in the performance of the banks in terms of their capital adequacy ratios, reduction in the non-performing assets, improvement in the internal control systems and house keeping areas etc. as is evidenced from the reviews of the performance of the banks.

(c) The details of the number of times inspection of banks, both private and public sector banks carried out by RBI during the last 3 years are given in the attached statement.

(d) Irregularities in relation to prescribed procedures of banks and RBI instructions are mainly noticed at the time of periodical inspection of banks. The irregularities mainly

pertain to areas like deposits. (including Certificate of Deposits), internal control investment, window-dressing, stock invest scheme, credit management, non adherence to prudential limits, advances against selected commodities, advances against shares, review/renewal of credit limits, write off of bad debts etc.

(e) Based on the findings of the inspection, follow up action is taken by RBI. The comments of the bank on the inspection reports are obtained by RBI. Thereafter the Chief Executives of the bank are called for discussion by RBI for indentifying the steps required to be taken for removing the deficiencies. RBI monitors the implementation of the agreed follow up action.

Statement

Public Sectors Banks

Sl. No.	Name of Bank	No. of times inspected during the last 3 years (i.e. April-March 94-95, 95-96, 96-97)
1.	State Bank of India	1*
2.	State Bank of Bikaner & Jaipur	3
3.	State Bank of Hyderabad	3
4.	State Bank of Indore	3
5.	State Bank of Mysore	3
6.	State Bank of Patiala	3
7.	State Bank of Saurashtra	3
8.	State Bank of Travancore	3
9.	Allahabad Bank	3
10.	Andhra Bank	3
11.	Bank of Baroda	3
12.	Bank of India	3
13.	Bank of Maharashtra	3
14.	Canara Bank	3
15.	Central Bank of India	3
16.	Corporation Bank	3
17.	Dena Bank	3
18.	Indian Bank	3
19.	Indian Overseas Bank	3
20.	Oriental Bank of Commerce	3
21.	Punjab & Sind Bank	3
22.	Punjab National Bank	3
23.	Syndicate Bank	3
24.	Union Bank of India	3
25.	United Bank of India	3
26.	UCO Bank	3
27.	Vijaya Bank	3

* Earlier inspected in July 1993. Next inspection proposed shortly