

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3126
ANSWERED ON:08.12.2000
IRREGULARITIES IN ICICI
VINAY KUMAR SORAKE

Will the Minister of FINANCE be pleased to state:

- (a) whether during the statutory audit inspection by the Reserve Bank of India some violations of norms were found to have been committed by Industrial Credit and Investment Corporation of India, Banking Division;
- (b) if so, the details of audit objections for which clarifications/compliance were sought; and
- (c) the manner in which the RBI propose to keep watch on ICICI finances to ensure that all accounting norms are strictly observed?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI BALA SAHEB VIKHE PATIL)

(a): Yes, Sir. Reserve Bank of India (RBI) has reported that the financial inspection of ICICI Ltd. was recently undertaken with reference to its position as on March 31, 2000 and like in the case of other Financial Institutions (FIs) certain deficiencies in the working of the ICICI Ltd. were also revealed.

(b)&(c): RBI has stated that as per prevalent international practice, the findings of inspection report cannot be divulged in the interest of banking industry. However, the matter has been discussed with the Managing Director and other senior officials of ICICI Ltd. and they have been advised to place the findings of inspection as also its response thereto before their Board of Directors. The compliance report would be examined by RBI and necessary suitable instructions to the ICICI Ltd. would be issued. In the next round of inspection, the RBI would examine whether the institution has complied with the instruction issued.