

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:854

ANSWERED ON:22.11.2002

NEDUNGADI BANK

AMBATI BRAHMANAIAH;GANGASANDRA SIDDAPPA BASAVARAJ;UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the Reserve Bank of India has declared a moratorium on Nedungadi Bank till February, 2003 curtailing withdrawal limits by the depositors;
- (b) if so, the reasons for prompting such a decision by the Apex Bank;
- (c) whether the RBI is considering the option of amalgamating Nedungadi Bank with any of the Public Sector Bank;
- (d) if so, the details thereof; and
- (e) the steps taken by the RBI to have a proper supervision on the workings of private sector banks ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE & COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

- (a)&(b): Yes, Sir. The Nedungadi Bank Ltd. has been placed under moratorium on account of its deteriorating financial position and negative CRAR. The accumulated losses of the bank have wiped out its capital and reserves.
- (c)&(d): Draft Scheme of amalgamation of Nedungadi Bank with Punjab National Bank has been sent to these banks by RBI for their comments. This scheme is available on RBI Website.
- (e): The Private Sector Banks are subjected to annual financial inspection by Reserve Bank of India (RBI). The irregularities/ deficiencies observed during the course of inspection are brought to notice of respective banks for corrective action and compliance is closely monitored by RBI. These are also discussed by senior officers of RBI with Chief Executives/ Directors of the banks.