

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1832
ANSWERED ON:26.07.2002
NON PERFORMING ASSETS
ANANTRAO GUDHE

Will the Minister of FINANCE be pleased to state:

(a) whether All India Bank Employees Association suggested to the Government to constitute independent Banking Audit Commission on lines with Comptroller and Auditor General (C&AG) in order to identify the areas of weakness that led to creation of growing number of Non Performing Assets (NP As) accounts in the nationalised banks;

(b) if so, the details of the proposal made; and

(c) the reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANTG. GEETE)

(a) & (b) Yes, Sir. All India Bank Employees Association, Kolkata made a suggestion that an independent `Banking Service Audit Commission` should be setup on the lines of Comptroller and Auditor General of India.

(c): An elaborate system of appointing statutory auditors in public sector banks has been evolved by RBI/Central Government over a period of time. RBI has set up a sub-committee

(Audit) under the aegis of the Board of the Financial Supervision which formulates policy governing the audit and lays down norms for the empanement of Statutory Auditors. Thereafter Standing Advisory Committee finalises a panel of statutory auditors to be appointed in banks out of the list of eligible audit firms received from the office of Comptroller & Auditor General and Institute of Chartered Accountants of India. As the existing audit system is quite adequate, there appear to be no need for setting up of separate Banking Service Audit Commission.