

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6191
ANSWERED ON:05.05.2000
UNDERSTANDING THE NPAS BY BANKS AND FINANCIAL INSTITUTIONS
PRABHUNATH SINGH;SHEESH RAM SINGH RAVI

Will the Minister of FINANCE be pleased to state:

- (a) whether attention of the Government has been drawn to the news-item captioned `RBI finds ICICI window dressed NPAs to jack up net by Rs. 403 crores` appearing in The Economic Times` dated March 7, 2000;
- (b) if so, the facts of the matter reported therein;
- (c) the names of other public and private sector banks and financial institutions which have understand their NPAs; and
- (d) the action taken/proposed to be taken by RBI against such banks?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):

(a) and

(b) RBI has reported that the said News Item refers to a supervisory letter from RBI to ICICI, based upon a financial inspection report. Findings of the financial inspection report were discussed with ICICI and the compliance of ICICI in respect of deficiencies observed in the inspection report has been subsequently examined by the RBI and suitable instructions thereon issued to ICICI.

(c) and (d) RBI conducts financial inspection of banks and financial institutions (FIs) annually. The inspection report includes RBI assessment on various aspects including NPAs. Findings of the inspection are discussed with the chief executive of the institution concerned. The inspection report is also placed before the Board of Directors of the institution and action taken report is sent by the institution to RBI. RBI follows up with the institution for corrective action, till the discrepancies have been rectified to the satisfaction of RBI.