

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2602
ANSWERED ON:11.03.2011
ENQUIRY AGAINST BANKS
Raghavan Shri M. K.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has conducted any enquiry against certain banks with respect to the loan disbursed by them in the recent past;
- (b) if so, the details thereof and the reasons therefor alongwith the outcome of such enquiry; and
- (c) the other remedial measures taken/being taken by the Government in this regard ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a), (b) & (c) : Reserve Bank of India has reported that they had recently undertaken quick scrutiny in some banks to examine if the reasons for corruption could be attributed to systemic issues i.e. risk to the system independent of the bribery case and if absence of proper internal controls had provided opportunities for bribery. Further acting upon the press reports that appeared in Nov. 2010 regarding arrest of CEO, LIC Housing Finance Ltd. and some other persons in connection with allegation of receiving illegal gratification by senior officers of some Public Sector Banks and Financial Institutions for sanctioning loans, RBf undertook scrutiny of borrowal accounts of the groups at Punjab National Bank, Central Bank of India and Bank of India, which were stated to be under scanner of CBI. The outcome of the preliminary scrutiny did not reveal any systemic risk and lacuna in the loan sanctioning system and the relevant internal control system of serious nature requiring immediate specific supervisory or regulatory interventions.