

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2882  
ANSWERED ON:29.08.2012  
DHANALAKSHMI BANK CRISIS  
Rajesh Shri M. B.

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Dhanalakshmi Bank is facing a serious crisis due to drastic reduction in its business and profits;
- (b) if so, the details thereof;
- (c) whether the management of the said bank has violated banking norms and regulations and if so, the details thereof;
- (d) whether the Government has proposed to order an enquiry into the affairs of Dhanalakshmi Bank;
- (e) if so, the details thereof; and
- (f) the steps taken / proposed to be taken by the Government to protect the interests of employees / customers?

**Answer**

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

(a) & (b):- Reserve Bank of India (RBI) has reported that, during the years 2007-08 to 2010-11, a progressive increase was registered in the business of Dhanalakshmi Bank Ltd., and it reported profits during these years. However, during the year 2011-12, the Bank registered marginal decrease in its business and reported a loss of Rs. 115.63 crore. RBI has stated that there had been no report of serious crisis in the form of run on the Bank.

(c) to (f):- The Annual Financial Inspection (AFI) of the Bank carried out by RBI for the financial year 2010-11 and 2011-12, inter-alia, brought out certain irregularities in the accounting practices adopted by the Bank as also non-adherence to RBI guidelines on income recognition, asset classification, provisioning norms and disclosure requirements. RBI has forwarded its report to the Bank for compliance. RBI has advised the bank to take corrective steps in the matter, and is closely monitoring the day-to-day operations of the Bank.