

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1927  
ANSWERED ON:08.03.2013  
EXEMPTING BANK BRANCHES FROM AUDIT  
Meena Shri Raghuvir Singh

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

- (a) whether the Government has any proposal to exempt the Bank Branches which have disbursed loans less than 20 crores in a year from Audit;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether any monitoring mechanism has been put in place by the Government to monitor the functioning of such bank branches; and
- (d) if so, the details thereof?

**Answer**

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) to (d): Reserve Bank of India (RBI) has informed that the norms for selection of branches for statutory branch audit for the year 2012-13 has been revised on the basis of recommendations of RBI Working Group (WG) comprising officials from Government of India, Office of the Comptroller & Auditor General of India, select Public Sector Banks (PSBs), the Institute of Chartered Accountants of India, Indian Banks' Association as under:

"All branches having outstanding advances of Rs.20.00 crore and above as on March 31, 2012 need to be audited for the year 2012-13. All centralized processing units by whatever name called (centralized processing units/loan processing units etc.), are also to be audited. Of the remaining, 1/5th branches are to be selected at random in such a way that all the remaining branches are audited at least once in five years. The coverage of branches so selected should be broad based so as to represent all the Regional / Zonal Offices of the bank. Banks have to cover 90% of the total advances outstanding as on March 31, 2012 through branch audit. Any other branch/es that may be required to be taken up for audit for any special reason/s like fraud, embezzlement of funds etc. or where transactions of suspicious nature have been noticed, may also be covered".

The Public Sector Banks (PSBs) are also subjected to Central Statutory Audit and concurrent audit. The reports of Central Statutory Auditor of the PSBs are annually laid before the Parliament.