

**Forged Cheques**

2797. SHRI JANG BAHADUR SINGH PATEL : Will the Minister of FINANCE be pleased to state :

(a) whether some organised groups dupe banks of lakhs and crores of rupees by withdrawing money through forged cheques;

(b) if so, the number of such cases have come to light during the last three years, bank-wise; and

(c) the action taken by the Government to check the recurrence of such cases?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA) : (a) to (c) The Information is being collected and will be laid on the Table of the House.

**Salt Industry**

2798. SHRI SUSHIL KUMAR SHINDE : Will the Minister of INDUSTRY be pleased to state :

(a) whether the Government are aware that with the advent of iodised salt as a part of the campaign for prevention of goitre and other diseases arising from lack of iodine as an essential ingredient for human nutrition, a large number of small producers of salt have been thrown out of employment;

(b) if so, the total number of persons affected as a result thereof; and

(c) the steps taken by the Government for making alternative arrangements for the affected persons?

THE MINISTER OF INDUSTRY (SHRI SIKANDER BAKHT) : (a) No, Sir. With the advent of iodised salt as a part of campaign for prevention of goitre and other diseases arising from lack of iodine as an essential ingredient for human nutrition, the small producers of salt have not been thrown out of employment. In fact iodisation of salt has created additional employment for the workers.

(b) Does not arise.

(c) Does not arise.

**Anti-Poverty Funds**

2799. DR. T. SUBBARAMI REDDY : Will the Minister of FINANCE be pleased to state :

(a) whether the World Bank has pointed out that India has misused the anti-poverty funds;

(b) if so, whether the Bank has called upon India to urgently develop a new anti-poverty strategy;

(c) whether the World Bank has also pointed out that while the number of poor people has reduced sharply in East Asia, progress in India has been slow; and

(d) if so, the steps the Government propose to take to utilise properly the World Bank loan for anti-poverty programmes?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA) : (a) No.

(b) Does not arise.

(c) Yes. World Bank has pointed out that poverty in East Asia fell more sharply than in India.

(d) India has taken steps to invest more infrastructure and human resources in order to reduce poverty and utilize World Bank loan.

**Audit of Public Sector banks**

2800. SHRI R. SAMBASIVA RAO : Will the Minister of FINANCE be pleased to state :

(a) whether any proposal is under consideration of the Reserve Bank of India for adopting a second line of inspection and cross examination methodology in conducting branch of central statutory audits of different public sector commercial banks of the country;

(b) if so, the details thereof;

(c) whether the RBI had prepared a list of audit firms throughout the country which were entrusted to conduct the audit;

(d) if so, the details thereof; and

(e) to what extent RBI has been successful in checking irregularities in PSU Banks in the country?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA) : (a) and (b) As reported by Reserve Bank of India (RBI), off-site monitoring in addition to on-site annual inspection of public sector commercial banks has already been introduced. For the purpose of off-site monitoring half-yearly data is collected from banks, scrutinised and findings are taken up with the banks. Audit Committee of Board of Directors have also been formed in the banks to oversee audit, inspection and compliance functions in the bank. RBI has, however, informed that there is no proposal to introduce the system of cross-examination methodology in conducting branch or central statutory audit of different public sector commercial banks.

(c) and (d) As per the system obtaining the panel of audit firms for conducting statutory central audit of the public sector banks in drawn from the list of eligible firms prepared by the Office of the Comptroller and Auditor General of India. The panel is finalised in consultation with the Standing Advisory Committee and with to concurrence of the Government. The panel of Chartered Accountants firms is recommended to the concerned banks who appoint the Chartered Accountant firms with the approval of their

Board of Directors. The panel of audit firms for conducting statutory branch audit of public sector banks is drawn from the panel furnished by the Institute of Chartered Accountants of India. The names of the audit firms as required by each bank are advised to respective banks for further action. Details showing the names of the bank and the number of auditors selected for the statutory central and branch audit for the year 1997-98 are given in the enclosed Statement.

(e) RBI has developed focussed system of banking supervision for effective monitoring of the performance of banks. The inspection of banks has been made annual after the formation of the EFS in 1994. Besides this regular inspection, special scrutinies/investigations are carried out based on market reports etc. The system of a Senior Officer in the bank being designated as 'Compliance Officer' for certifying compliance with all the important instructions/guidelines of RBI/Government has been introduced. The banks have also been advised to introduce a system of concurrent audit wherein 50% of the business of the bank is concurrently audited on an ongoing basis. The treasury operations and foreign exchange operations are also audited fully. Audit Committee of Board of Directors have also been formed in the banks. A number of steps have also been taken to strengthen the internal control systems in the banks. RBI also monitors certain areas of weak performance in the banks/inter-branch reconciliation, balancing of books etc. The statutory auditors are required to certify adherence with the prudential norms prescribed by RBI in regard to income recognition, asset classification and provisioning, authentication of bank's assessment of capital adequacy ratio, treasury operations of bank's reconciliation of bank's investment, etc. as a part of their annual statutory audit of banks accounts. During the course of inspection if any deficiencies are found in relation to these items or in the working of the statutory auditors the matter is conveyed to the bank so that they can take it up suitably with the concerned statutory auditors.

#### Statement

*Bank-wise details of the Statutory Central and Branch Auditors recommended for the year 1997-98*

Name of the Bank	Statutory Central Auditors	Statutory Branch Auditors
1	2	3
1. Allahabad Bank	6	448
2. Andhra Bank	5	335
3. Bank of Baroda	6	832
4. Bank of India	6	810
5. Bank of Maharashtra	5	357
6. Canara Bank	6	869

	1	2	3
7. Central Bank of India	6	821	
8. Corporation Bank	5	195	
9. Dena Bank	5	276	
10. Indian Bank	6	564	
11. Indian Overseas Bank	6	504	
12. Oriental Bank of Commerce	6	247	
13. Punjab National Bank	6	1149	
14. Punjab & Sind Bank	5	244	
15. Syndicate Bank	6	527	
16. Union Bank of India	6	661	
17. United Bank of India	6	333	
18. UCO Bank	6	503	
19. Vijaya Bank	5	288	
Total	108	9963	
20. State Bank of India	13	2778	
21. State Bank of Bikaner & Jaipur	5	255	
22. State Bank of Hyderabad	5	302	
23. State Bank of Indore	4	134	
24. State Bank of Mysore	4	198	
25. State Bank of Patiala	5	257	
26. State Bank of Saurashtra	4	135	
27. State Bank of Travancore	5	267	
Total	45	4326	
Grand Total	153	14289	

#### Export of Plantation Items

2801. SHRI S.S. OWAISI : Will the Minister of COMMERCE be pleased to state :

(a) whether the export of tea and other plantation items has stagnated in the recent past;

(b) if so, the quantity of these items exported and the foreign exchange earned therefrom during each of the last three years, country-wise; and