

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1770
ANSWERED ON:12.12.2003
MONITORING OF LOANS ADVANCED BY BANKS
K. KARUNAKARAN

Will the Minister of FINANCE be pleased to state:

- (a) whether public sector banks and financial institutions do not have any monitoring system to ensure that the loans advanced to the borrowers are used for the very purpose for which it is granted;
- (b) if so, the reasons thereof; and
- (c) the steps, the Government proposes to take to ensure proper monitoring of public money advanced as loans by banks and financial institutions?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL):

- (a) No, Sir.
- (b) Does not arise.
- (c) Banks and Financial Institutions advance loans on the conditions that such loans should be used for the very purpose for which they have been granted. Compliance of this condition is ensured by constant supervision and monitoring of the account and periodical inspections.