

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2983
ANSWERED ON:12.08.2005
COMPLAINT AGAINST BANK OF RAJASTHAN
Shakya Shri Raghuraj Singh

Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government has received complaints against the functioning of Bank of Rajasthan;
- (b) if so, the details thereof;
- (c) the action being taken by the Government in this regard;
- (d) whether the Government has ever conducted an enquiry into the working of the bank; and
- (e) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S. PALANIMANICKAM)

(a) & (b) : Yes, Sir. Representations from various quarters were received, inter-alia, opposing the decision of the bank to shift its Central Office and Managing Director's office to Mumbai, downsizing its workforce to 3000, hiring of premises belonging to close relatives of top management of the bank and low CD ratio of the bank.

(c) to (e) : As per the RBI policy, Boards of banks have been given freedom to decide on opening or locating their controlling offices. Such offices, however, require licence from RBI in terms of Banking Regulation Act, 1949. The Bank of Rajasthan had submitted that since about 71% of its advances and investments were controlled by the Mumbai Region and locating some of its key departments at Mumbai would facilitate efficient decision making and planning the future growth of the bank, the bank was permitted to shift its Credit Deptt., Accounts and Audit Deptt. and Board Secretariat to Mumbai. As regards downsizing its workforce, this being an administrative issue, is an internal matter of the bank and as per extant regulations, Govt. intervention is not required.

RBI issued directions to the bank to get a flat vacated under Section 35A of Banking Regulation Act, 1949 and also to be transparent in acquisition of premises.

RBI has not prescribed any benchmark CD ratio for the banks. In a deregulated design, RBI ensures banks comply with the prudential norms and prescription.