

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1736
ANSWERED ON:10.12.2004
SPECIAL RECOVERY TRIBUNALS
Prasad Shri Hari Kewal;Rana Shri Kashi Ram

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government have set-up Special Recovery Tribunals and Banking Supervisory Board to monitor irregularities in the banks and for improving position of loan recovery;
- (b) if so, the time when these bodies were set-up;
- (c) whether these bodies have started functioning;
- (d) if so, the total number of cases of irregularities disposed off during each of the last three years and the action taken thereon; and
- (e) the outcome of action taken in this regard ?

Answer

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

(a & b) For expeditious adjudication and recovery of debts due to Banks and Financial Institutions, the Recovery of Debts due to Banks and Financial Institutions Act, 1993 was enacted. Similarly, on the basis of the recommendations of the Committee on Financial System (Narasimham Committee), Board for Financial Supervision (BFS) was constituted under the chairmanship of Governor, Reserve Bank of India on 16 November, 1994 with the mandate to exercise the powers of supervision and inspection in relation to Banking Companies, Financial Institutions and Non-Banking Finance Companies. BFS also exercises supervision over select Development Financial Institutions and Urban Coop. Banks.

(c) Yes, Sir.

(d & e) BFS gives directions on the regulatory and supervisor's issues of various entities, viz., commercial Banks, Urban Cooperative Banks, Non-Banking Financial Companies. The supervisory concerns emanating from various returns, supervisory on-site visits are also placed before BFS. It gives detailed directions on future course of action and these directions are implemented by Reserve Bank of India. Since BFS has been acting as a catalyst for enhancement of banking supervisions in the areas of risk based supervision, prompt corrective action, consolidated supervision, monitoring of financial conglomerates, internal control and house keeping in commercial Banks, therefore, parts (d) and (e) of the question are not applicable in the case of BFS.