CHAPTER - X

FINAL CONCLUSIONS

10.1 GENERAL:— In the previous chapters, critical analysis on the basis of various case studies have been carried out and on this very basis several conclusions have been drawn which seek reforms in the present system of the banking industry. These reforms are classified into two parts: first one proposes amendments in the present system and the second one introduces a new system on various issues of the segment of advances.

10.2 Proposed amendments in the present system:

10.2.1 To avoid misplacing of the important documents/movable assets, there must be frequent periodical rotation of the employees' responsibility for holding of such documents/assets.
10.2.2 Like physical possession of the cash under joint control, there must be joint control over important documents like original title deeds of immovable properties, other agreements, etc.
10.2.3 Terms and conditions stipulated in the sanction advice should always categorise all terms and conditions in two parts:

FIRSTLY - Pre-disbursement terms & conditions.
SECONDLY - Post-disbursement terms & conditions.

This qualification is necessary so as to avoid violation of material terms and conditions which are used to be ignored for future compliance after disbursements.
10.2.4 Loan officer should not take on record and further not to disburse before checking all documents whether they are complete and further whether they are procedurally complied with.
10.2.5 In case of major procedural violations, the Loan Officer should be held personally responsible and should be punished accordingly on such detection.
10.2.6. In case of minor violation, specially of procedural nature, such Loan Officer should be issued a memo, calling for explanation.
10.2.7 For major violations, the Loan Officer should even be given an adverse entry, affecting his future promotion.
10.2.8 In case of compliances expected on the basis of various Reports from the respective branches, there must be clear allocation of minor and major irregularities and the compliances of major irregularities must be pursued directly by the Controlling Authorities.
10.2.9 In case of irregular/defective statements of the stocks, limits should be squeezed immediately and an immediate enquiry for finding out such defects or reasons for non-submission of the stock statements should be initiated and thereafter the limit should be allowed to be operated.
10.2.[8] The procedure for taking post-facto sanction by the Branch Managers must be avoided.

10.2.[9] While appraising the credit report of the guarantor and borrower only tangible worth like building etc. with clear location should be given and other non-verifiable credit worths should be ignored for determining net worth.

10.2.[10] The delay in submission of CGC claim causes loss of opportunity cost on the funds blocked due to such delayed submissions. Therefore, there must be fixed responsibility on the dealing person to timely file and pursue CGC claim otherwise a memo, calling for explanation for such loss of the opportunity cost must be issued.

10.2.[11] In case of omission of signing on important documents like agreements etc. by either of the party, the dealing personnel must be punished accordingly. Today there is massive financing to the corporate sectors governed by the Companies Act, 1956. In absence of various compliances under the Act like registration of charges, ignorance of important clauses of Memorandum and Articles of Association etc., the loan maybe unsecured. To avoid such major violation ; specially due to ignorance of such law the respective branches must obtain a certificate from a Chartered Accountant/ Company Secretary for proper creation of the charges and other compliance required under the Companies Act including thorough scrutiny of the Memorandum & Articles of Association.

10.2.[12] Frequent disbursements over drawing power limit allowed to the assessee may be due to malafide intention of the branch. Therefore, in case of such over drawing for four to five times in a quarter it must be obligatory on the Branch Manager to review such account for finding out genuine necessity and on such positive findings he must recommend for enhancement of the limit rather than to allow such over drawing, by using his power.

10.2.[13] The valuation of the stocks must be periodically checked with the respective purchase bills of the borrowers on FIFO basis. This will spell out the clear position of the stocks without any over estimation and thereby avoiding over financing.

10.2.[14] It is seen that various accounts are irregular by either non-deposit of any instalment or deposit of meagre amount at various intervals against huge over dues. To avoid blockage of huge funds of the banks by way of these over dues. The bank should be given power to issue R.Cs. as in case of recovery of arrears of land revenue and further this immediate action expedites recovery of such over dues as the regular process of litigation takes a very long time till finalisation.

10.2.[15] A clear responsibility must be fixed for inspection of the securities on the strength of which finances are made available to the borrowers. In case this responsibility is not duly discharged by the incumbent responsible for such inspection, there must be some adverse entry in his C.R.
10.2.[16] Usually it is seen that proper details of the assets/securities are not made available at the branches. It results in defective physical inspection as under these circumstances it is never possible to reconcile physically available assets with those assets mentioned in the list available at the branches. Therefore at the time of any dispute the borrower may default by saying that these assets, inspected by the incumbent, are not subject to hypothecation or mortgage in favour of the bank.

10.2.[17] On the basis of various Inspection Reports, several deficiencies are dealt with. However, it is seen in practice that various material adverse features persist for long period without any action by the controlling Authorities. Therefore, such practice must be avoided by analysing persisting adverse features by the Controlling Authorities directly.

10.2.[18] Routing all D.D. purchases through the Branch Clearing Accounts instead of DDs / Bills Purchased / Account and Discounted weakens control of the higher authorities over irregularities, if any, managed by the Branch willfully at its own level. Several frauds have gone through by adopting such practice, Therefore, it must be the duty of the incumbent incharge dealing the DD purchases to account for the right account so that it may be rightly reflected in the weekly report sent to the controlling Authorities.

10.2.[19] Various limits for working capital are used to be given for financing working capital requirements like purchases of raw material, finished goods, etc. However, it is seen in practice that funds are diverted for long term requirement and later on such funds, incapable of being released due to being involved into the shape of fixed assets, result the unit sick, thereby losing the bank borrowings, as the fixed assets purchased from such capital are used to be sold at a very low price. In order to avoid such situation, there must be close monitoring of the funds at the initial level so that the funds may not be diverted.

10.2.[20] Authority must not be over employed at any point of time and for doing so adverse entries must be incorporated in CR of the respective incumbent.

10.2.[21] It is a usual practice to pay directly to the supplier as selected by the borrower. In case of Govt. Sponsored Schemes however, it is seen that the branch itself selects the supplier and makes payment directly to such supplier without involving the borrower. Under such circumstances, violation of such procedure must be enquired into as it may involve bribe / commission to the respective official by the supplier and further he may supply goods of poor quality. Such willful default should be a cause for adverse entry into CR.

10.2.[22] The coverage of borrowings by way of mortgage of the
immovable properties is the sole SOUL of the big finances. However, it is seen that such immovable properties are secured by creating defective mortgages. Such practice must be avoided and in case such mortgages are found to be procedurally defective suitable punishment must be given to the official responsible for such mortgages.

10.2. [23] In various cases, it is seen that the blank documents, though duly signed by the borrowers, are taken on record. This practice must be avoided as at the time of legal action he may prove that the documents have been filled later on, thus resulting in loss of suit by the bank. In case of loss of suit as a result of such default, the incumbent responsible for such default must be duly punished.

10.2. [24] In case of death of the borrowers, the lien must be executed immediately otherwise the assets under lien may be misutilised by the successors and their reliability may become doubtful. To avoid this, regular physical inspection of every unit must be assured so that such mishappenings may be noticed within due course of time.

10.2. [25] It is a thumb rule that prevention is better than cure. Therefore, follow-up of every action, specially big ones, must be the duty of incumbent responsible for monitoring these accounts. In absence of such follow-up or poor follow-up the accounts may become bad and doubtful. Therefore, the incumbent responsible for such follow-up must be punished by giving adverse entries in his respective CR. In the present scenario, most of the loans have become bad and doubtful due to poor / no follow-up.

10.2. [26] Government Sponsored Schemes are covered under the insurance coverage of Credit Guarantee Corporation on payment of nominal fee and on complying certain norms. However, it is seen that in various cases either loans are not covered under such insurance or even if covered, timely claims have not been lodged, resulting huge amounts under Government Sponsored Schemes becoming unrealisable. The incumbent responsible for such default must be punished by way of adverse entry in his CR and by setting up further enquiry for finding out whether the default is willful and if so, such incumbent may even be suspended.

10.2. [27] In various cases it is seen that while financing the term loan, Repayment Schedule has not been quantified. In case of litigation, various borrowers have taken benefits of this lacuna thereby resulting loss to the bank. Therefore, non-framing of the repayment schedule must be treated as a major violation of the documentation.

10.2. [28] Inspection / Internal Audit is the backbone of the Internal Control System and in case such Inspection Reports are not duly framed or mis-represented then the basic object of such inspection / internal audit is got defeated. Therefore, it must be the basic responsibility of the leader of the team to get these reports framed according to the norms and for each and
every deviation he must be punished according to the mistakes / deviation.

10.2.[29] The register, narrating position of the legal cases in detail, must be updated at the branch level so that the position may be drawn at a glance.

10.2.[30] Before the sanction, various projections are made on the basis of which the loans are used to be sanctioned. However, in actual practice it is seen that such projections are prepared in order to match the existing norms of the bank only. In other words these projections are intentionally matched with the existing norms. Therefore, it must be the duty of the Loan Officer to scrutinize the basis on which such projections are prepared. If the basis is sound, the projections may be correct and vice-versa.

10.2.[31] It is a prescribed norm that all sale proceeds should be routed through the working Capital Account by the borrowers. However, in practice, it is not so. Various proceedings are directly utilised for financing business activities or otherwise and the borrowers try to ask for further finances showing paucity of funds. Therefore, renewal of such limit must take into account the sale proceeds routed through Working Capital accounts and on this basis the limit must be reduced or enhanced on such renewal.

10.2.[32] Non-maintenance of proper records is the basic reason for overdrawing by the borrower in a particular account. For example, the drawing power register is the sole basis for determining the amounts to be released under a particular limit. If such record is improperly maintained then the borrower may over-draw the amount from his working capital account and the branch will not be in a position to keep the control over such overdrawing. Therefore, in case of any overdrawing deviation due to such records, the concerned dealing official must be punished according to the nature of the default.

10.2.[33] It is often seen that the loans have been disbursed without prior sanction. In such cases, the Sanctioning Officer must be punished or even be terminated, depending upon the materiality of the default.

10.2.[34] In various cases it is seen that the finances are made available to the borrower with an expectation of post facto sanction. It is due to the reason that either prior sanction may take a long time resulting loss of valuable customer or due to the vested interest of the Sanctioning Authority. On enquiry if it is found that there was a vested interest for such defective sanctioning, an immediate action must be taken against the Official responsible for such sanction.

10.2.[35] It is seen in practice that full loan on sanction is not disbursed at single point of time, rather it is disbursed in various spreaded instalments. There is basic requirement of
every business to get percolated required finances upto a particular point of time without any delay otherwise business may become sick due to such delayed investment. Such commercial prudence must not be ignored at any point of time as it gives further benefits to the borrower in legal suit in case of his default.

10.2.[36] It is usually found that the borrowers do not submit regularly the financial statements and other documents required at various points of time. It creates a lot of difficulties before the Branch Management to have proper control over such advances. Therefore, in case of such default, the operation of the account of Working Capital must be stopped within one month of the default after giving proper notice to the borrowers and such operation should be allowed on submission of such documents.

10.2.[37] Submission of report to the higher authority frames the basis to control all the affairs of the branch by such authorities. In case such returns are not found to be proper or timely, such control may become impossible. For example if the Branch Manager is making advances through I.B.I.T. which usually remains unreconciled nobody would be in a position to know the fraud perpetuating through such accounts without going through the return properly. If the return is delayed/defective then there is no course available to the bank but to lose the funds. Therefore, in case of such default in the returns, the Branch Manager must be punished with a big stick like suspension.

10.2.[38] In case of frequent overdrawings throughout the year out of the limit by a borrower, the Controlling Authority must enquire into the matter as it may result in direct benefit to the borrower which even may be detrimental to the bank. It is recommended on the principle that prevention is better than cure.

10.2.[39] Documents executed at the time of financing must be signed immediately at that time. However, it is seen that in various cases, they remain unsigned for a long period. This practice must be avoided as in case of default such documents will never be binding on the borrowers during the course of legal action.

10.2.[40] All advances must be scrutinized by going through the ledger at the end of each half year so that their health may be conceived in advance and expected sickness may be cured well in advance.

10.2.[41] Regarding C.G.C. claims, it is found that either in various cases, the claims have not been lodged and if lodged, have been delayed or the branch has lost its right to lodge the claim due to negligence. Further in absence of proper lodging settlement of claims takes a lot of time. Therefore, there must be distinct responsibility on the Loan Officer to lodge proper claim within stipulated time and in case of default the promotion of the concerned Loan Officer must be adversely affected by
giving adverse entry in the C.R. However the delay in lodging of claims is due to the centralization of filing of the claims at the Regional / Zonal Office. Therefore, in order to avoid such delays lodging of claims must be ensured at the branch level.

10.2.[42] In various cases, incomplete information gives the healthy position of the accounts though it is not so. Therefore, such information must be completed at the branch level so as to prevent bad and doubtful debts in advance.

10.2.[43] While classifying the advances under the head 'Health Code System' it is often seen that only few of the codes, for example 1 and 2 have been touched while other codes have not been considered at all. Therefore, there must be proper classification according to the relevant codes so that health of the advances may be assessed by the Controlling Authorities.

10.2.[44] The adverse features in the Inspection Report must be specified rather than generalising them. In case such adverse features have been generalised by the Inspector, the relevant details must be asked from him even on completion of the Inspection as there may be some malafide intention of such Inspector in not specifying such adverse feature.

10.2.[45] It is seen that in few of the cases wrong accounts were given credit for a particular sum and it was used by such wrong person instead of genuine account-holders. Such practice is the result of poor Internal check and for such default the Concerned Official responsible for such Internal Check must be given adverse entry in his C.R.

10.2.[46] On completion of the Inspection / Verification, Audit / any other type of Internal Audit, it is seen that various leakages of income or other material irregularities are used to be pending un-noticed by such inspector / Auditor. In such case the concerned personnel responsible for such Inspection / Audit be punished according to the materiality of such shortcomings.

10.2.[47] There is a procedure for reconciliation of subsidiary records with the controlling account of the General Ledger. However, such reconciliations are pending and even if reconciled, few of them are used to be wrongly reconciled just to get the work completed. In absence of such reconciliations the subsidiary records dealing with specific payments may be erroneous due to wrong posting in the accounts resulting payment to the wrong person. Further this is an area of fraud as the defalcation may be made by making compensatory errors in the subsidiary ledgers. Therefore, this important aspect of Internal Control must not be missed at any cost and in case of non-availability of the internal staff, such work must be got completed by assigning to the outside agencies.

10.2.[48] In several cases, practice for accommodating DD through General Clearing Account instead of accommodating through DDs. Received For Realisation Account (classified under the head,
Bills, Purchased and discounted, are being usually followed by the branch. This violation of the major procedure may result in fraud in case of default by the respective so-called borrowers. Therefore, it is advisable to accommodate DDs under the sanction limit and through the proper account. In case of violation, a deep enquiry must be set up for finding out the reason for doing so as in various cases the frauds have been routed through this practice. Lastly an adverse entry must be given to the responsible official for such violation.

10.2.[49] It is seen that in transport loans, the Field Officer responsible for pursual does not keep any contact with such securities periodically resulting loss of the securities and further in absence of revival letters, an advance may even become time-barred. Therefore, under such circumstances, the concerned Field Officer must be punished by way of transfer as well as adverse entry in the C.R.

10.2.[50] It is often seen that various expenditures though not relevant to a particular head are charged under that head intentionally. It is due to the reason that in order to absorb some personal expenses of the Branch Manager, such expenses are used to be booked under wrong heads so that it might not be possible to detect them without applying reasonable care. Such practice must be discouraged and at the time of interval of 4 or 5 years, a detailed scrutiny of all expenditure Accounts must be taken into account to know materiality of such transactions in each branch.

10.2.[51] In case of un-exceptionally high telephone expenses while comparing with that of the previous year, a suitable scrutiny must be made to know the reason and in case it seems that they are of personal nature, these expenses must be realised from the respective employees.

10.2.[52] In case of recovery of rent of the safe deposit lockers, it is seen that there are arrears in various accounts. Such practice must be discouraged by issuing timely notices and in case such notice is not duly complied within stipulated time the locker must be cancelled.

10.3. Proposed Introduction of the new system: Efficiency Clause

10.3.[1] In case of non-execution of the proper documents for creation of the charges over assets under lien there must be fixed some monetary responsibility by way of recovery from the funds and other assets of such employee responsible for such non-execution. This step must be taken specially in case of defalcation where clear responsibility can be fixed.

10.3.[2] In case of financing of the new limit, the financial statements of the borrower reflecting the current net worth must be reconciled with the physical and market standard of such net worth.
10.3.3 All the important documents should be spelt into a particular register with clear location of such documents so that they may be demanded as and when needed. This saves a lot of time of the Inspectors/Auditors and further save man days of the bank due to early completion of the Inspection/Audit.

10.3.4 It is a usual practice in the bank to get valuation of the collateral Security at the time of sanctioning of the loan only but there must be a procedure for periodical valuation of such collateral Security during currency of the loan as the value of the collateral Security may be changed to change the position of the immovable assets on lapse of time.

10.3.5 The procedure for valuation of the collateral Security is totally defective in the Banking Industries as the value of the building is considered without taking into account other factors like low paid tenancy, near future expiry of the lease etc. Let such factors be taken into account the real value of the collateral Security should be very low. Therefore, such faulty procedure causing over financing on the basis of low worth security must be changed to its real value.

10.3.6 Normally the bank considers the position of receivables in lump sum. Due to this various stagnant receivables are considered for financing. Therefore, the branches must obtain receivables in two parts. Firstly, exceeding six months and secondly, others. For receivables exceeding six months, the Branch must obtain periodwise break-up of such receivables for deep scrutiny, so that the advances on such dead receivables may be avoided.

10.3.7 Regular proceedings of litigation takes a very long period for realisation of the funds and further involves huge cost of litigation. Further the present value of money is more than the future value of money. Therefore, there must be a separate Court comprising of the financial experts as Judges so that the decision at an early stage may be possible and further for expediting such decision, there must be a time barring limit within which the case must have been decided as enacted in the Income-tax Act, 1961. This time barring clause is helpful as the borrower always tries to linger on the proceedings by not producing evidences and other facts at various stages before the Court, thus lingering the Suit for even more than 15-20 years.

10.3.8 In case the borrower side tracks various provisions of the agreement like exclusive dealings with the branch by the borrower, no borrowing from more than one branch of the same bank without knowledge of the other branches, etc., there must be a separate provision in the Indian Penal Code that the borrower must be punished by lodging FIR in the Police as it is kind of fraud to ignore the various provisions of the agreement.

10.3.9 To assure the real inspection of the securities at the borrower's premises, it must be obligatory for the Inspectors to
get counter-signed his report by the respective borrowers in order to evidence such Inspection in real terms.

10.3.[10] It is often seen that either stocks have not been got insured by the borrower or if insured their coverage or other requirements seem to be defective. To avoid this, it becomes necessary for the bank to get the securities under question insured at their own ends without relying on the borrower as presently is being done by the private financial institutions.

10.3.[11] Regarding registration charges under the companies Act, 1956 the bank must file all relevant documents to the respective Registrar of Companies through its Chartered Accountant and Company Secretary without relying on the borrowers as it being a major procedural requirement in absence of which the borrowings may become unsecured.

10.3.[12] Every willful sanction of the second loan in spite of poor performance of the borrower after first loan must be punished by entering adverse remarks in C.R. as it may result loss of the bank's money.

10.3.[13] While financing to any borrower the branch obtains guarantee of at least two guarantors. It means to interpret that in case of default by the borrower the guarantors shall be liable for the payment. However, in no case the guarantors are asked to repay the loan defaulted by the borrower. Therefore, there must be an amendment in the present Banking Regulation Act, 1949 that the guarantors along with the borrowers must be jointly tried at the first instance on arising the cause of action.

10.3.[14] By going through various cases, it has come to the notice that huge quantum of funds have been involved into various borrowings as a result of loss of right of the branch for filing legal action as the relevant documents have become time-barred. Due to this negligence, the bank suffers huge losses. Therefore, there must be distinct responsibility of the Branch manager to get pursued the legal action before expiry of the documents otherwise he must be punished by an adverse entry in the C.R. and by further enquiry for finding out whether such negligence is willful and if in case of willful default the Branch Manager must even be suspended depending upon the materiality of the amount.

10.3.[15] There is a procedure in the bank that in case of any legal action for recovery of the dues, the Branch has first to refer such action to the higher authority for prior sanction. It takes a lot of time thereby delaying the legal action resulting benefits to the parties. Further it is seen that the Branches are used to be careless for finding out the cases to be recommended for such action. Thus further delaying the legal suit. Therefore, a new system must be introduced to facilitate the legal action at the Branch level and in case of default the Branch Manager must be held personally responsible for such delay for indirectly helping the borrowers.

10.3.[16] The Advocates are used to be chosen from the empanelled
list. It is often seen that few of the lawyers are allotted the work and rest of them remain without any work of the Branch or with very little work. Further those lawyers who are highly loaded with the work, are given more cases inspite of the fact that they do not have enough time to deal such further cases. Lastly few of the lawyers are used to be given more and more cases even though they continue to lose cases against the bank. In other words, there is no criteria for performance. Therefore, it must be the duty of the Branch Manager to review the case under litigation and in case of poor performance of any of such empanelled lawyers he must withdraw him and must employ another lawyer. Further an adverse report for such inefficient lawyers must be submitted to the Higher Authorities and Higher Authorities must take immediate action to get them withdrawn from empanelled list.

10.3.[17] It is he usual practice in the bank to take guarantee of at least two persons at the time of sanctioning of the loan. Further it is expected from the guarantors not to give guarantees exceeding their net worth. However, in practice, guarantors are used to give guarantees to various borrowers without knowledge of the various Financing Institutions. Due to this such guarantees become worthless. Therefore, an amendment in the Indian Penal Code and The Banking Regulation Act must be incorporated so that such guarantors, on detection, may be tried and punished according to the nature of default.

10.3.[18] First and foremost step before sanction is to qualitatively approve the projections given by the borrower. However, it is seen in actual practice that the Appraising Officers of the Bank are not so qualified to perform these tasks as in the Financial Corporations and other Foreign Banks. This deficiency creates a lot of problems before the borrower by way of delay in such sanctions and further by way of underfinancing, if any. Further it may cause loss to the bank if financing by other institutions is made available to the borrower. Therefore, there must be a team of experts at each region to lookafter such approval, especially in big cases.

10.3.[19] It is an era of frauds in the Banking Industry. The new entrepreneurs get inspired for doing such frauds by adopting new means. The basic cause in most of the frauds is involvement of the concerned officials substantiated by poor controls. It is further due to the reason that every fraudulent person knows in advance that the legal procedures are so cumbersome that the punishment may either be delayed or they may even be acquitted in absence of any proper evidence. Further the Investigating Authority like C.B.I., C.B.C.I.D., etc. are notacquainted with all the typical financial procedures thereby delaying enquiry and if results come, they may even be defective ones. Therefore, there must be an independent Court comprising of the accounting and the banking personnels to understand cause of the default at the first instance and thereby may decide the cases accordingly. Further there must be a time limit within which the cases must be decided on merits. The same set up is recommended for the
investigating Agencies like CBI, CBCID, etc. and they must be given a time-limit within which they have to submit their respective reports to the competent Courts as mentioned above.

10.3[20] It is seen that in absence of proper follow-up of various procedures and documents, the various documents become time-barred, thereby losing right of the claim by the bank. Time-barring documents cause a loss of money to the bank. Therefore, in material cases the concerned official must even be suspended for such loss and further in order to avoid such time-barring cases, there must be a register having full details of the documents alongwith the expiry date of such documents.

10.3[21] It is often seen that there is lack of coordination between the staff and the Branch manager and nobody seems to cooperate with the Branch Manager for proper working. This is due to the reason that the Branch Manager does not have any power to take action even against the peon for non-follow-up of his instruction. Therefore, the Branch Manager must be in a position to take an appropriate action against such defaulting people for non-follow up and such action will be supported by the top management without any compromise.

10.3[22] In most of the cases, it is seen that the physical inspections of the securities have not been performed periodically and in several cases, the inspection has not been done even once in year. This is due to the reason that the finances are made available to remote areas where the periodical approach of the concerned official has not been possible to manage. Therefore, the system of financing must be changed so that a particular branch should not finance beyond the specified pare-meters of the areas, say 4 or 5 Kms within which such control over the physical verification is possible. Beyond such area, other specific branches should entertain the cases.

10.3[23] The practice of holding up incoming outstation cheques for unduly long period for benefitting the drawer is a wrong practice giving huge losses to the respective drawees. Therefore, a periodical scrutiny must be laid down in order to find out such material cases of violation and official responsible for it must be transferred to some other branch for punishment.

10.3[24] The procedure for keeping old documents alongwith the current documents create a lot of difficulties and wastage of time during the course of inspection. Therefore, there must be a procedure for keeping old as well as obsolete documents separately so that the current documents may be inspected without loss of time.

10.3[25] There is a procedure in the Financial Institutions other than the banks to keep parallel files, one original in the safe custody and other photocopy in duplicate file. This procedure keeps proper control on the original title deeds and other valuable papers whereas it smoothens the work of inspectors, field officers, etc. in pursuing such advances.
Therefore, such procedure of filing must be followed in the banks at the branch level.

10.3.[26] It is seen that while taking rental premises for the branches no specific norms are used to be followed and in several cases it is tried to give illegitimate benefit to some close person which may result material loss of revenue to the bank. Therefore, there must be a panel of at least three officials for interviewing the owners of the premises and all proceedings must be recorded for taking proper decision. Further date of the interview by specifying the purpose of such interview must be published in a local reputed News Paper in both English and Hindi because various persons though they are having the eligible premises, are not entertained for such purpose. For enhancing the rent for existing premises, the same board must look after all affairs in writing. This new system is necessary as it may cause a recurring loss to the bank in future.

10.3.[27] Various outside agencies like Chartered Accountants, Lawyers, etc. are allotted various assignments of Inspections, Audits, Legal suits, etc. While discharging their respective duties, various agencies become reluctant and they take remunerations without any work. In other words, there is no scope of efficiency. Therefore, under the new system the agencies giving productive results must be honoured by all other more works especially requiring high efficiency.