PREFACE

After the nationalisation of various Banks, industrialisation has increased to its apex in our country. For this Industrial Development our Public Sector Banks, through their thousands of branches, have played a significant role by providing work-in and even term loans to various industries.

In view of thousands of branches scattered all over the country, it becomes very essential to have proper control over advances portfolio of such scattered branches. In order to control such vital portfolio of advances, the Reserve Bank of India has introduced Long Form Audit Report asking for various details on certain important issues which might have been omitted till now.

"Critical Analysis of the segment of Advances of Long Form Audit Report in Audit of the Branches of Public Sector Banks" has been carried out by analysing such long form audit reports based on practical checking of documents and further by analysing various issues arisen out of direct interaction between the auditors and various officials of the branches. In the following Chapters, an attempt has been made to study the above stated problem of control on various leakages and frauds, and to come up with a proper solution for all the problems by providing an ideal model for the portfolio of the advances.

The research has been divided into Ten Chapters which are as follows, Chapter One - Introduction, Chapter Two - Formulation of Audit Programme, Chapter Three - Advances - large Advances, Chapter Four - Advances - Other Advances, Chapter Five - Lodging of claims under Insurance / Credit Guarantee Corporation, Chapter Six - Appraisal of the Status of Bad & Doubtful Debts, Chapter Seven - Belated Legal Action, Chapter Eight - Compliances of Specified R.B.I. requirements regarding Health Status & Compulsory Audit, Chapter Nine - Miscellaneous and Chapter Ten - Final Conclusion.

The research has conducted an extensive survey during the course of audit of at least 100 branches of the Punjab National Bank, State Bank Of India and Central Bank Of India by going through the necessary documents and reports and further by personal interview and interrogation of various officers and staff while discharging their duty.

In order to maintain secrecy, the names of various branches as well as names of all parties of such branches have not been disclosed here as it is deemed to be professional misconduct on the part of the researcher.

The backbone of all research is the Tenth Chapter which discloses all find conclusion by providing proposed amendments in the present system and proposed introduction of
the new system (Efficiency Clause) which are derived from critical analysis of various cases analysed in the previous Chapters. In other words, the researcher has given an ideal model for improving deficiencies and introducing various new systems to smoothen the working of portfolio of advances by avoiding various leakages and frauds.

Thus an attempt has been made to cover all important aspects regarding portfolio of advances in the branches of Public Sector Banks. The views expressed and the conclusion derived are the researcher's own, and are the result of survey conducted by the researcher.