

But, in 1991, several areas of the hill rock were brought under the monument zone. Resultantly, the 100-meter rule was implemented prohibiting any construction in the monument zone. This created hardship as it is a densely populated residential area, and, fence was put up; calculating 100-meters from the fence. The hill rock area is not as important as three main monuments declared in 1955 and several representations have been made to reduce the limits of monument zone in hill rock area so that the people of this locality will not suffer.

Therefore, I urge upon the Government to consider this request of withdrawing of prohibition imposed by the Government here and help the residents who are living in that area.

**Demand to continue appointment of statutory auditors by the
RBI instead of by the banks**

SHRI AHMAD SAEED MALIHABADI (West Bengal): Sir, banking institutions are the lifeline of any economy. The Reserve Bank of India (RBI) has performed a significant role in strengthening them. Also, various relevant Acts put the responsibility of final approval of appointment of auditors of banks on the RBI.

Till the year 2005-06, the RBI used to directly appoint Statutory Central Auditors (SCAs) (in consultation with Office of C & AG) and Branch Auditors which has stood the test of time in building up a credible reporting system.

However, in December, 2005, an alternative was provided to let public sector banks to appoint their own auditors. This led to a regime of appointment of auditors which is prone to bias and prejudice of those at the helm of affairs.

An argument has been put forward that banks need to be given more functional autonomy. This is in contrast with the practice followed for navaratnas which are given functional autonomy while the auditors are continued to be appointed by the Office of C & AG having regard to their sectoral experience, competence, seniority and peer review status. Needless to say that greater functional autonomy needs to be coupled with checks and balances of which independent auditors is an important part.

Moreover, under the Companies Act, 1956, an auditor is appointed by the shareholders and not by the Board. This provision assures the independence of auditors who, in turn, protect the interests of the shareholders in the company. The said autonomy, though technically does not violate the letter of the legislations, is clearly against the spirit of the provisions of the Companies Act, 1956.

I urge upon the Government to continue the practice of appointment of Statutory Auditors by the RBI instead of individual banks.

MR. DEPUTY CHAIRMAN: The House stands adjourned till 11.00 a.m. on Monday, the 12th April, 2010.

The House then adjourned at six minutes past seven of the clock till
eleven of the clock on Monday, the 12th April, 2010