

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

RAJYA SABHA

QUESTION NO 02.03.2010

ANSWERED ON

REVAMPING OF NATIONALISED BANKING AND FINANCE SECTOR

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SHRI GIREESH KUMAR SANGHI

Will the Minister of COAL, HEALTH AND FAMILY WELFARE, INFORMATION AND BROADCASTING AND FINANCE be pleased to state :-

- (a) whether there is any proposal under consideration of Government to bring a national policy for revamping of nationalized banking and financial sector in the wake of fierce competition being posed by private financial sector;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor?

ANSWER

The Minister of State in the Ministry of Finance

(Shri Namo Narain Meena)

(a) to (c): There is no formal proposal under consideration of the Government to bring a national policy for revamping of nationalized banks. However, the Government is committed to equip all Public Sector Banks (PSBs), including nationalized banks to enable them face newer and bigger challenges and competition. Towards this end, the Government has already provided sufficient managerial autonomy to the Boards of these banks to facilitate quick and efficient decision-making, which, inter-alia, covers the areas like branch rationalization, credit delivery, recruitment and creation of posts, etc, subject to fulfillment of certain criteria. The Government has also put in place a mechanism to monitor the overall performance of PSBs on the basis of the 'Statement of Intent on Annual Goals (SOI)' submitted by them on various performance parameters viz. Return on Asset (ROA), Net Interest Margin, Non-Performing Assets (NPAs) Ratios, Provisioning and Classification norms for NPAs, Capital Adequacy Ratio etc. The Government also monitors the credit growth of the PSBs to different productive sectors of the economy, including agricultural sector, the Micro, Small and Medium Enterprises (MSME) and weaker sections in order to ensure that the economic growth momentum is maintained.

All these have yielded good results and the same is evident from the fact that even during the year 2008-09 i.e. the year of global financial crisis, the advances of PSBs have increased by over 25% as against 10% increase for private sector banks and around 4% by foreign banks.