

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA

UNSTARRED QUESTION NO. 2512

TO BE ANSWERED ON THE 9TH MARCH 2018/ PHALGUNA 18, 1939 (SAKA)

Performance Review of Heads of the PSBs

2512. SHRI ASHOK SHANKARRAO HAVAN:
SHRI SUDHEER GUPTA:
SHRI NARANBHAI KACHHADIYA:
SHRI T. RADHAKRISHNAN:
SHRI S.R. VIJAYAKUMAR:

KUNWAR HARIBANSH SINGH:
SHRI GAJANANKIRTIKAR:
SHRI A. ANWAR RAJHAA:
SHRI BIDYUT BARAN MAHATO:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has decided to initiate a performance review of heads of the Public Sector Banks (PSBs);
- (b) if so, the details thereof along with the aims and objectives thereto;
- (c) whether the Reserve Bank of India has also put 12 PSBs under watch in view of lagging on certain performance parameters;
- (d) if so, the details of these banks along with the details of the parameters fixed by the Government for PSBs; and
- (e) whether the Government has given instruction to banks to behave politely while dealing with customers and if so, the details thereof along with the further steps taken/being taken by the Government to boost the performance of PSBs?

ANSWER

The Minister of State in the Ministry of Finance
(SHRISHIV PRATAP SHUKLA)

(a) and (b): Government has recently announced a PSB Reforms Agenda for responsive and responsible banking, which encapsulates a synergistic approach for ensuring prudential and clean lending, better customer service, enhanced credit availability, focus on Micro, Small and Medium Enterprises (MSMEs), and better governance. Government has asked Public Sector Banks (PSBs) to assign the Reforms Agenda theme-wise to their Whole-Time Directors for monitoring and evaluate their performance in implementing the assigned Reforms Agenda.

(c) and (d): Reserve Bank of India (RBI) has issued a Prompt Corrective Action (PCA) framework to maintain sound financial health of banks. It facilitates banks in breach of risk thresholds for identified areas of monitoring, viz., capital, asset quality and profitability to take corrective measures in a timely manner, in order to restore their financial health. Thus, it is intended to encourage banks to eschew certain riskier activities and focus on conserving capital to strengthen them. The framework is not intended to constrain normal operations of the banks for the general public. RBI has placed eleven PSBs, viz., Dena Bank, Central Bank of India, Bank of Maharashtra, UCO Bank, IDBI Bank, Oriental Bank of Commerce, Indian Overseas Bank, Corporation Bank, Bank of India, Allahabad Bank and United Bank of India, under the PCA framework.

(e): Government has recently announced a PSB Reforms Agenda for responsive and responsible banking, with a view to ensure, *inter alia*, better customer service. Under the Reforms Agenda, PSBs have committed to Easy Access and Service Excellence (EASE) for customer comfort, through a range of measures, including courteous staff, pleasing ambience, customer amenities, digital banking, etc. The Reforms Agenda includes other measures for prudential and clean lending, enhanced credit availability, focus on MSMEs, and better governance.
