

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

**UNSTARRED QUESTION NO. 4325**

TO BE ANSWERED ON THE 22<sup>ND</sup> MARCH 2021/ CHAITRA 1, 1943 (SAKA)

**Bank Loans**

4325. SHRI G.S. BASAVARAJ:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to strive towards making banks big and nimble to provide a fast-track system to disburse loans after taking quick decisions and if so, the details thereof;
- (b) whether, in this fast-track and nimble process, the Government has asked bankers to be wary of Central Vigilance Commission's watchful eyes and if so, the details thereof; and
- (c) whether in this process the banks have been asked not to be keen on examining high-risk factors and if so, the details thereof?

**ANSWER**

THE MINISTER OF STATE FOR FINANCE  
(SHRI ANURAG SINGH THAKUR)

(a) to (c): Amalgamation of Public Sector Banks (PSBs) over the last four years is aimed at enhancing the efficacy of the banking sector by creating strong and efficient banks by leveraging economies of scale and synergies for, *inter alia*, operational efficiencies, thrust on adoption of technology for efficient banking and greater financial capacity to support economic growth through lending. Further, a number of steps have been implemented under the Government initiated PSB Reforms Agenda to make PSBs nimble by adoption of a comprehensive loan lifecycle management system, including an efficient system in loans disbursement, and which include, *inter alia*, the following:

- (i) Institution of technology- and data-driven risk scoring and scrutiny systems in banks that comprehensively factor in third-party data and non-financial risk factors, provide for higher scrutiny of high-risk cases and improved adherence to risk-based pricing;
- (ii) Board-approved loan policies of PSBs now mandate tying up necessary clearances/approvals and linkages before disbursement, scrutiny of group balance-sheet and ring-fencing of cash flows, non-fund and tail risk appraisal in project financing;
- (iii) Consortium lending arrangements have been made effective through minimum 10% exposure for participation, reducing membership to a manageable number and a model standard operating procedure for coordination among Joint Lenders' Forum members.
- (iv) For time-bound credit decision making for better turnaround time of loan proposals, comprehensive Loan Management Systems (LMS) have been put in place in banks for personal segment and MSME loans;
- (v) Decision-making layers for loan sanctioning have been rationalised and restricted to a maximum of three layers;
- (vi) Proactive reach-out and faster automated processing for personal loans have been enabled to greater use of dedicated sales channels, including digital channels, co-origination of loans in tie-up with non-banking financial companies, external partnerships and dedicated marketing workforce.

To support decision-making and to prevent harassment for genuine commercial decisions by bankers, the Prevention of Corruption Act, 1988 has been amended to prohibit conduct of inquiry/investigation of offences relating to decision taken by public servant in discharge of functions, without previous approval of the authority competent to remove him. Further, an Advisory Board for Banking and Financial Frauds has been set up for distinguishing between commercial failure and criminal act in cases of suspected frauds over Rs. 50 crore, before initiation of investigation by the Central Bureau of Investigation.

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