

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO. †225

TO BE ANSWERED ON THE 29TH NOVEMBER 2021/ AGRAHAYANA 8, 1943 (SAKA)

Requirement of Banks

†225. SHRI JASWANT SINGH BHABHOR:
SHRI NARANBHAI KACHHADIYA:
SHRI PARBATBHAI SAVABHAI PATEL:

Will the Minister of FINANCE be pleased to state:

- (a) whether India needs four to five more banks like State Bank of India to meet the changing needs of the Indian economy, if so, the details thereof;
- (b) whether it has also come to the notice of the Government that the long term future of Indian banking system will be driven by the digital processes;
- (c) if so, the details thereof along with the efforts being made by the Government in this regard; and
- (d) the details of the efforts being made by the Government to ensure that the people can also take advantage of the digital and convenient banking facilities in the country including rural and tribal areas of Gujarat?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(DR. BHAGWAT KARAD)

(a): Amalgamation of Public Sector Banks (PSBs) has aimed at creating strong and competitive banks, serving as catalysts of growth and with improved risk profile of the banks equipped to harness scale and synergy benefits. The benefits to the thirteen banks amalgamated into five in FYs 2019-20 and 2020-21 have started flowing in as a result of wider reach and distribution network, and has enabled them an increase in flow of credit through greater financial capacity, wider offerings with enhanced customisation for customer benefit, cost efficiencies for investment in technology and digitalisation, and a robust capital adequacy and improved ability to raise funds from market.

(b) to (d): With regard to the long term future of Indian banking system driven by digital processes, the Government through its unique JanDhan-Aadhar-Mobile (JAM) trinity initiative, has linked a billion-plus accounts, biometric identity and mobiles to enable financial transactions on unprecedented scale and ease. These are underpinned by rapid digitalisation of a continent-scale economy, an integrated GST Network leveraged for credit access to small businesses, the new Account Aggregator framework for unlocking access to data on consumer consent basis, regulatory sandboxes created by the payments and insurance regulators, and a deep commitment to financial inclusion for unlocking value at the bottom of the pyramid.

A number of steps have been taken to facilitate digital banking including, *inter-alia*, the following:

1. Under the Public Sector Banks (PSB) EASE Reforms Agenda,—
 - i. Enhanced access to mobile banking and Internet banking has been enabled through an increase in the PSB average for the number of services offered (43), customer-friendly features (135) and regional languages available on the customer interface (8);
 - ii. End-to-end automated digital lending has been introduced in larger PSBs for unsecured personal loans (in five PSBs), loans to micro-enterprises (“Shishu Mudra”, in five PSBs) and renewals of loans to micro, small and medium enterprises (in three PSBs);
 - iii. Digital retail loan request initiation through digital channels has been enabled in all the seven large PSBs, with retail disbursements from loan requests so initiated in the financial year (FY) 2020-21 amounting to Rs. 40,819 crore;
 - iv. Customer-need-driven, analytics-based credit offers have been given an impetus, resulting in Rs. 49,777 crore of fresh retail loan disbursements by the 7 larger PSBs in FY2020-21.
2. Government’s Jeevan Pramaan initiative for pensioners has enabled pensioners the facility to update their annual life certificate online.
3. Initiation of digital lending has been made contactless through psbloansin59minutes.com, using triangulation of credit bureau, income-tax and goods and services tax (GST) data, to provide online in principle approval for loans to Micro, Small and Medium Enterprises (MSMEs), home loans, personal loans and automobile loans. As on 31.10.2021, 2,62,475 loan applications amounting to Rs. 51,709 crore have been sanctioned on this platform.
4. Online bill discounting for MSMEs has been enabled on a competitive basis through on boarding of PSBs onto the Trade Receivables Discounting System (TReDS) platform.
5. Institution of comprehensive, automated Early Warning Systems (EWS) in banks, with ~80 EWS triggers, use of third-party data and workflow for time-bound remedial actions, to proactively detect stress and reducing slippage into NPAs.

As a result, nearly 72% of financial transactions of PSBs are now done through digital channels, with customers active on digital channels having doubled from 3.4 crore in FY2019-20 to 7.6 crore in FY2020-21, and the rapidly expanding credit reach has enabled improvement of India’s rank on “Getting credit”, as per World Bank’s Ease of Doing Business Index, from 42 to 25.

Further in respect of the rural and tribal areas of Gujarat, in addition to the steps/initiatives taken as mentioned in para above, as per inputs received from State Level Bankers Committee, Gujarat, the robust network of 10,000 branches and 10,500 business correspondents, including 6,000 and 6,500 in rural/tribal areas of the state respectively, have enabled opening of 1.02 crore of PMJDY accounts in rural/tribal areas with these customers been offered debit cards and all other facilities like UPI, AePS, mobile and Internet banking, etc. to transact digitally. Government of Gujarat has signed an MoU with Bank of Baroda for installation of ATMs in tribal areas and more than 30 ATMs, covering 242 tribal villages, have been operationalised and for awareness and penetration of digitalisation in rural/tribal areas of the state financial literacy camps have been organised
