

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO. ‡5200

To be answered on the 4th April 2022/Chaitra 14, 1944 (Saka)

Performance of PSBs

‡5200. SHRI KHAGEN MURMU:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Public Sector Banks (PSBs) lag behind their private sector counterparts in most metrics; and
- (b) if so, the details thereof along with the corrective steps taken/proposed to be taken by the Government keeping in view the fact that the pandemic has left deep scars on India's banking system?

ANSWER

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

(a): The legislative paradigms for the Public Sector Banks (PSBs) and private sector banks in the domestic banking industry are different. PSBs are committed by their governing Acts i.e. the Banking Companies (Acquisition and Transfer of Undertakings) Acts of 1970 and 1980 and the State Bank of India Act, 1955, to serve economic development in conformity with national policy and objectives, expand banking facilities on large scale particularly in underserved areas, and fulfil other public purposes.

Details of important metrics, for first 9 months of FY 2021-22, of Public Sector Banks (PSBs) and Private Sector Banks (PVBs) are as under:

Metric	PSBs	PVBs
Capital to Risk (Weighted) Assets Ratio (CRAR) <i>(Minimum regulatory requirement — 11.50%)</i>	14.34%	18.18%
Gross NPA	7.88%	4.33%
Provision Coverage Ratio (PCR)	85.73%	86.58%
Net Profit (in crore Rs.)	48,874*	65,460
Return on Equity (RoE)	8.69%	11.25%

* All PSBs are in profit

(Source: RBI data)

(b): Government has taken comprehensive measures under AatmaNirbhar Bharat Abhiyaan economic package and RBI's regulatory package, revival framework and monetary policy initiatives, which included, *inter alia*, the following:

- (i) Six months moratorium on loan repayments and asset classification and payment of difference between compound interest and simple interest (ex-gratia payment) for six months moratorium (1.3.2020 to 31.8.2020) to borrowers in specified loan accounts;
- (ii) Resolution Framework for personal loans and loans to Micro, Small and Medium Enterprises (MSMEs) and corporates, without downgrading the loan as NPA;
- (iii) Restructuring of loans to MSME, without assets classification downgrade;
- (iv) Emergency Credit Line Guarantee Scheme for providing additional working capital/ term loan requirement to COVID-19 impacted MSMEs/ business enterprises, extended up to March-2023 and Rs. 5 lakh crore, including additional increase of Rs. 50,000 crore provided to hospitality and related sectors;
- (v) Liquidity measures by RBI (Targeted Long-Term Repo Operations -1 & 2);
- (vi) Relief in filing of applications for initiation of Corporate Insolvency Resolution Process under Insolvency and Bankruptcy Code, till Mar-21; and
- (vii) Special Window for Completion of Affordable and Mid-Income Housing (SWAMIH) fund for providing funding for the completion of stressed projects under affordable and middle-income housing category.
