

(iii) The Visakhapatnam Municipal Corporation has prepared a scheme for supply of 1 MGD of water. The nodal agency has sunk 4 bore wells out of which one has already been energised.

(iv) The State Electricity Board has begun erection of 33/11 K.V. Sub-Station, which is scheduled for completion by the end of October, 1991.

#### PERFORMANCE OF NATIONALISED BANKS

\*283. SHRI VIJAY NAVAL PATIL : Will the Minister of FINANCE be pleased to state :

(a) whether the ratio of net profit to total working funds of the nationalised banks has been showing declining trend during the last five years in comparison to the performance of foreign banks in India;

(b) if so, the reasons therefor; and

(c) the steps taken or proposed to be taken by the Government to improve efficiency and profitability of the nationalised banks ?

THE MINISTER OF STATE OF THE MINISTRY OF FINANCE (SHRI DALBIR SINGH) : (a) As per information available for the period 1986 to March 1990, the ratios of net profit to working funds for nationalised banks were lower than those of foreign banks operating in India.

(b) The better performance of foreign banks operating in the country in terms of profitability may be attributed, among other things, to their concentration in metropolitan and port towns, mechanisation and computerisation of operations, lower priority sector lending and high level of non-fund business.

(c) Government and Reserve Bank of India have taken a number of steps for improving the performance and profitability of the public sector banks including nationalised banks. The measures are

aimed at strengthening of the capital base, rationalisation of service charges and interest rates structure and containment of staff growth. For reinforcing financial viability, the banks have been advised to ensure better credit management, raise productivity and effect economy wherever possible. To provide the competitive edge to banks, new money market instruments like certificates of deposits and commercial papers have been introduced and interest rates on term deposits have been enhanced. Banks have also been permitted to diversify their activities.

#### OPENING OF MORE BRANCHES BY FOREIGN BANKS

\*284. SHRI VIJAY KUMAR YADAV :  
SHRI MADAN LAL  
KHURANA:

Will the Minister of FINANCE be pleased to state :

(a) whether foreign banks have recently sought permission to open more branches in the country;

(b) whether the Government have given permission for the same; and

(c) if so, the details in this regard with reasons therefor ?

THE MINISTER OF STATE OF THE MINISTRY OF FINANCE (SHRI DALBIR SINGH) : (a) Yes, Sir.

(b) and (c) The statutory powers in terms of the Banking Regulation Act, 1949 for issue of licence for carrying on banking business in India vest with Reserve Bank of India (RBI). No licence for a branch has been issued by Reserve Bank of India to any foreign bank in 1990 and 1991 (todate).

#### IMF LOAN

\*285. SHRI INDRAJIT GUPTA : Will the Minister of FINANCE be pleased to state :

(a) whether an IMF delegation visited Delhi to have talks with the Government regarding proposed IMF loan to India; and