

**Performance of Private and Nationalised Banks**

3705. SHRI K. MALLANNA:

SHRI B. V. DESAI:

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Will the Minister of FINANCE be pleased to state:

(a) whether any study has been conducted regarding the performances of the private banks and nationalised banks;

(b) whether compared to their nationalised counterparts, private banks had higher growth in deposits, advances and branches in a decade; and

(c) if so, the details regarding their performances and the deterioration in banking service, if there is any, and the reasons thereof?

THE MINISTER OF FINANCE (SHRI R. VENKATARAMAN) (a) to (c). No formal study regarding the performance of the private sector banks and nationalised banks has been conducted by the Government. However, details of the performance of public sector banks, private scheduled Indian banks and foreign banks regarding

deposits, advances and branch expansion during the period June, 1969 to December, 1979 are given in the statement. Branch expansion in public sector as well as private sector banks is a function of the licensing policy and the issue of licences by the Reserve Bank of India and is, therefore, not a true indicator of the performance of the banks. As far as the growth rate of deposits and advances are concerned, public sector banks have done slightly better than the scheduled private sector banks (including foreign banks). However, the performance of Indian scheduled commercial banks in the private sector appears to be better than that of the public sector banks in terms of percentage of growth over the decade. This is because private sector banks have a small base and working out a growth rate with reference to a small initial base is likely to show an exaggerated picture in their favour. Moreover, in the area of priority sectors, lending to weaker section of the community, including lending under the scheme of differential rate of interest, the performance of public sector banks is much better than that of the private sector banks. The Government and Reserve Bank of India are constantly reviewing the performance and service of public sector banks with a view to making further improvements.

## Statement

	Public Sector Banks		Other Indian Scheduled Commercial Banks.		Foreign Banks		All Private Sector Scheduled Commercial Banks.				
	June 1969	December 1979	June 1969	December 1979	June 1969	December 1979	June 1969	December 1979			
		% Increase		% Increase		% Increase		% Increase			
1. Deposits (In crores of rupees)	3871	26,452	583.3	297	3772	1170.0	478	1108	775	4880	529.7
2. Advances (In crores of rupees)	3017	17,642	484.7	197	2368	1102.0	385	862	582	3230	455.0
3. Branches (Number) of which Rural branches.	6596	25,028*	279.5	1319	6338	380.5	130†	129†	1449	6467	346.3
	1505	11,898	691.1	265	2506	845.7	1	—	266	2506	842.1

† Includes two branches of Pakistani Banks (Habib Bank and National Bank of Pakistan) inoperative since September 7, 1965.

\* Includes Regional Rural Banks.

NOTE :—Public Sector Banks represent State Bank of India, its Associate Banks and 14 Nationalised Banks.

All Private Sector Scheduled Commercial Banks represent Private Sector Indian Scheduled Commercial Banks and foreign banks.