

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5238
ANSWERED ON:20.04.2001
WORKING OF PUBLIC SECTOR BANKS
ANANTA NAYAK

Will the Minister of FINANCE be pleased to state:

- (a) whether Devidayala Committee which was set up to review the working of the public sector banks has submitted its report;
- (b) if so, the salient features of the report;
- (c) the suggestions made by the Committee on the weak banks; and
- (d) the reactions of the Government thereon ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a):- Government of India had set up on December 22, 2000, a High Level Group headed by Shri S.P. Talwar, Deputy Governor, Reserve Bank of India (RBI) to examine the restructuring plans prepared by three weak banks viz. Indian Bank, UCO Bank and Unitec Bank of India. The report of the High Level Group has been submitted on 31st January, 2001 to the Government.

(b)& (c) :- The Group considered various options and concluded that restructuring of the weak banks with requisite capital infusion by the Government of India is the best alternative for turn-around of the three weak nationalized banks. It has, inter-alia, recommended recapitalisation assistance of Rs.2300 crores over two years for the three weak banks to enable them to achieve/maintain prescribed capital adequacy ratio.

(d):- The recommendations of the Group are under examination of the Government.