

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1009

ANSWERED ON:27.07.2001

PERFORMANCE OF BANKS

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Will the Minister of FINANCE be pleased to state:

- (a) the net profit/losses incurred by each public sector as well as private sector banks during the year 2000-01;
- (b) whether some public sector banks have shown dismal results during 2000-01 as compared to previous year;
- (c) if so, the names of such banks and reasons for their poor performance; and
- (d) the steps taken to bring down their losses ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a):- The net profits/losses of the public sector banks and private sector banks, bank-wise, for the year 2000-2001 is given in the Annexure.

(b), (c) and (d):- Two public sector banks viz. Dena Bank and Indian Bank, recorded losses during the year 2000-2001. While, in the case of Dena Bank it has reported net loss for the first time, in the case of Indian Bank, its net losses have reduced substantially compared to the previous two years. Their losses were due to high level of non-performing assets (NPAs), high operating costs and expenditure on account of voluntary retirement scheme (VRS). These banks have taken steps to improve their performance by closely monitoring the NPA accounts, settling maximum number of cases under one-time settlement scheme of Reserve Bank of India, reducing its expenses, mobilizing low cost deposits, stepping up recoveries in written off accounts, improvement in funds management system and increase in fee-based business. The performance of Dena Bank was reviewed by the Central Government and Reserve Bank of India in high level meetings and is being monitored closely.