

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4067

ANSWERED ON:09.08.2002

PROFITS OF BANKS

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**Will the Minister of FINANCE be pleased to state:**

(a) whether the profits as well as share of public sector banks and financial institutions in the country's total banking has come down in comparison of foreign banks during the three years;

(b) if so, the details thereof alongwith the reasons therefor; and

(c) the steps taken to improve the performance of Public Sector Banks and Financial Institutions?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE):

(a) and (b) The details of net profits earned by Public Sector Banks (PSBs) and Foreign Banks operating in India during the last three years and their percentage share in total assets of banks is as under:

Year	(Rs. in Crores)		Foreign Banks	
	Public Sector Banks		Profit	%age Share
	Profit	%age Share	Profit	%age Share
	in total	in total		
	asset	asset		

1999-00	5116	80.56	968	7.49
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2000-01	4317	79.52	945	7.8
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2001-02	8071	74.27	1493	7.6
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The details of net profits of Financial Institutions d the last three years are given below:-

Institution	(Rs. in crore)		
	1999-00	2000-01	2001-0
LOBI	947.0	691.0	424.27
IFCI	59.4	(-)265.9	-891.00
ICICI	1205.8	537.3@	+
IIBI	37.95	110.29	41
SIDBI	459.4	477.5	281.74

@ Excluding accelerated provisions and write offs of 813 crore.

+ No longer financial institutions

Data provisional

The net profits of PSBs in the year 2000-01 declin, due to expenditure on Voluntary Retirement Scheme. TI profits of PSBs, however,

showed substantial increase the year 2001-02.

The Share of PSBs in total assets of banks in Ind. had marginally declined in the year 2000-2001. Due to merge of Iclcl Ltd. with IGIGI Bank in the year 2001-02, asset size of commercial banks increaseq substantially about Rs. 70,000 crores which lead to sharp decline he share of PSBs in the total assets of Banks.

(c) Reserve Bank of India (RBI) and Government of India `e advised banks and financial Institutions to take eral steps to increase their profitability which includes JpS taken for rationalizing their staff strength and branch work, rationalization of Zonal offices, reduction of NPAs fd checking incidence of fresh NPAs, lowering of cost lfunds, cost of operations and increase in efficiency and productivity.