

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3152
ANSWERED ON:15.03.2013
GROWTH RATE OF BULK DEPOSITS
Chavan Shri Harischandra Deoram

Will the Minister of FINANCE be pleased to state:

- (a) whether any instances of non-compliance of directives regarding reduction of their bulk deposits by any public sector banks (PSBs) have come to the notice of the Government / Reserve Bank of India (RBI) during the last three years and the current year;
- (b) if so, the details thereof, year and bank-wise;
- (c) the action taken / being taken by the Government against such banks, bank-wise; and
- (d) the other steps being taken by the Government to improve the profitability of the PSBs?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) to (c) The Government of India has issued an advisory on Asset Liability Management (ALM) to all Public Sector Banks (PSBs) on 06.07.2012 advising them to shed their High Cost deposits, with the objective to improve their profitability. PSBs have not shown inability to reduce bulk deposits to 15 percent of total deposits in a phased manner.

(d) The Government has entered into Performance Linked long term Memorandum of Understanding (MoUs) with the PSBs with a view to increase their efficiency and productivity wherein PSBs are required to meet the long-term targets on key productivity parameters. Further, all banks have been advised by RBI to meticulously follow the regulatory guidelines issued by them vide various Circulars such as Prudential norms on Capital Adequacy and Market Discipline, Prudential norms on Income Recognition & Asset Classification and Provisioning (IRAC) pertaining to advances, Norms for classification, valuation & Operation of Investment Portfolio of banks, Exposure Norms, Norms on Loans & Advances etc. Banks have also been advised by RBI from time to time, to take effective measures to strengthen the credit appraisal and post-credit monitoring to arrest the incidence of fresh NPAs and adopt a more realistic approach to reduce the existing and chronic NPAs in all categories.