

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2801

ANSWERED ON:07.02.2014

EFFECTS OF ECONOMIC SLOWDOWN ON THE BANKING SECTOR

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Will the Minister of FINANCE be pleased to state:

- (a) whether the economic slowdown has adversely affected the banking sector in the country;
- (b) if so, the details thereof along with the reaction of the Government / Reserve Bank of India (RBI) thereto; and
- (c) the steps taken / being taken by the Government / RBI to restructure the banking sector?

Answer

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

(a) to (c): The overall economic situation affects the banking sector since it is the credit provider to the productive sectors of economy. However, as per Reserve Bank of India (RBI) the Capital to Risk Weighted Asset Ratio (CRAR) of the Banking System in the country stood at 13.88% as on March, 2013 and is well above regulatory norms of 9%. Banks have been advised by RBI from time to time, to take effective measures to strengthen the credit appraisal and monitoring of advances.