

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1038
ANSWERED ON:28.11.2014
BANK PERFORMANCE
Meghwal Shri Arjun Ram

Will the Minister of FINANCE be pleased to state:

- (a) whether the performance of Public Sector Banks (PSBs) are lagging behind the private sector banks;
- (b) if so, the details thereof and the reasons therefor during the last three years and the current year, Bank-wise; and
- (c) the steps taken / being taken by the Government to improve the performance of the PSBs in this regard?

Answer

The Minister of State in the Ministry of Finance (SHRI JAYANT SINHA)

(a) & (b): The Public and Private Sector Bank-wise performance data for the last three years and the current year is Annexed. It has been observed from the data that PSBs lagged behind the private sector banks on asset quality and profitability parameters.

(c): The banks have been advised to meticulously follow the latest guidelines issued by Reserve Bank of India on "Framework for Revitalising Distressed Assets in the Economy" on 26th February, 2014 whereby the accounts should be identified and monitored for incipient stress even before it becomes Non-Performing Assets (NPAs). The accounts will be brought under structured monitoring within 30 days of stress being observed by the Bank.

RBI has also taken steps to strengthen the information sharing mechanism among lenders by making it compulsory for banks to receive / share information on borrowers before sanctioning of loans.

The banks have been asked to focus on data purification so that income leakages etc. can be plugged effectively. Emphasis has been placed in achieving higher efficiency by stipulating challenging levels of cost of deposits, return on assets, Current Account and Saving Account ratios, recovery of loss / written off assets through mutually agreed annual "Statement of Intent".