

[*Translation*]

Losses Suffered by Nationalised Banks

*37. SHRI RAM LAL RAHI: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that the Reserve Bank of India has declared some nationalised banks as sick units;

(b) if so, the names of such banks and the reasons for huge losses in those banks;

(c) the number of such banks where disciplinary action has been taken against management;

(d) whether the Government propose to hand over these banks to the private sector; and

(e) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) to (e). Reserve Bank of India (RBI) had carried out a review of the financial position of the nationalised banks. It was observed that financial position of some of the banks was not satisfactory. This is primarily on account of deficiencies in their credit administration both at appraisal and post-sanction stages.

As in any other industry, the financial soundness varies from bank to bank. As per the annual accounts of nationalised banks for the year 1989-90, except New Bank of India and UCO Bank, the other 18 banks have shown profits. The profit earned by these banks aggregate to Rs. 249.60 crores as against the annualised profit of 20 nationalised banks aggregating to Rs. 203.28 crores for the year 1988-89.

The financial position and performance of the nationalised banks is reviewed by the Government and the Reserve Bank of India

on an on-going basis. Government and Reserve Bank of India have taken a series of measures to improve the performance and profitability of the public sector banks. These include augmentation of their capital, rationalisation of service charges and interest rates structure and levy of commitment charges on unutilised portion of operating limits. Banks have also been advised to take measures to control expenditure in consumption of petroleum, publicity etc., draw up action plans to improve their operational efficiency and take other measures to strengthen their viability and profitability by means of effective business planning and development. Bank have also been advised by the Reserve Bank of India to initiate action against officials who are found to be involved in cases of frauds.

Government have no proposal to hand over these banks to the private sector.

[*English*]

Amalgamation of Branches of Indian Banks Abroad

*38. SHRI NARSINGRAO SURYAWANSHI: Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India is considering a proposal to amalgamate all the branches of Indian banks operating abroad;

(b) if so, the various factors responsible for the proposal for amalgamation; and

(c) the decision, if any, taken by the Government in the matter?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) to (c). The operations of the overseas branches of the Indian banks are being reviewed both by the Government and the Reserve Bank of India