

Losses by Metropolitan and Urban Branches of Banks

*272. SHRI BALASAHEB VIKHE PATIL : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that many metropolitan and urban branches of banks are making losses year after year;

(b) if so, whether any survey has been conducted to ascertain their number, State-wise;

(c) whether the causes for this have been identified; and

(d) if so, the details thereof and the steps taken to remedy the situation ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) to (d). A Statement is given below.

Statement

(a) to (d). Out of 4396 Metropolitan/Port-Town branches and 5196 urban branches of the Public Sector Banks as at the end of December, 1984, 260 Metropolitan branches and 459 urban branches were reported to be incurring losses continuously for five years. Only bankwise information in respect of loss making branches is collected under the present system of data collection and, therefore, the statewide breakup of the loss making branches is not available. According to a review conducted by the Reserve Bank of India, the main factors responsible for losses incurred by the public sector banks are improper deposit mix, low level of business, high staff cost, relatively high level of non-performing assets, idle cash balances, relatively high rent on office premises, etc. Government and Reserve Bank of India have issued instructions to the banks, to periodically review the position of loss making branches and to take necessary steps to improve their working.

SHRI BALASAHEB VIKHE PATIL : Sir, they have mentioned here in the statement that 260 metropolitan branches and 459 urban branches were reported to be incurring losses continuously for the last

five years. We are in the rural areas and the branches in the rural areas are going on very well. We do not know the reasons why the branches of the public sector banks in the urban areas are making losses. At the same time, I would like to know what measures are the Government taking to reduce the loss. What is the policy with regard to opening of new branches in the urban areas because a large number of urban cooperative banks are demanding permission for opening of new branches? Their applications are pending in the Reserve Bank and some applications are rejected. If there is no good business for the public sector banks in the urban areas, why are they attracted to open more number of branches? Is it only to fulfil the targets or to serve the people? What is the view of the Government on both these points?

SHRI JANARDHANA POOJARY : Sir, we have identified the loss-making branches and I have been continuously monitoring the performance of all the branches with a view to make them profit-making. Out of 4396 Metropolitan/Port-Town branches, 260 branches are making losses. That is, 4,136 branches are making profit. In urban branches, out of 5,196 branches, 459 branches are making losses. 4,737 branches are making profits. I will just tell the hon. Members what steps we are taking.

Coming to loss-making branches, it is not desirable to have the loss-making branches. But we have to take into consideration one fact. In some of the residential areas, branches are there. There we are collecting the deposits. Advances are not being made. When there is no outlet making advances, there will not be profit. Those branches would be collecting the deposits only. Then the profit of those branches will not be there, and the deposits of those branches will be made use in some other branches. It will be utilised by other branches. This is one of the factors. I do not say this is the only factor.

How to tackle this problem of loss-making branches? Here also we have to cut down the expenditure. We have also to see what is happening in some of the branches. Some of the branches are over-staffed. We have to identify those branches also. When

there is some surplus staff, we have to deploy that surplus staff to other branches. I want the cooperation of all the people here, particularly the union people. We are deploying the excess staff to other branches which are under-staffed. I will give one example. I am just bringing to your notice a very serious problem. In Madras, in one branch, we have transferred from one office to another office at a distance of 100 yards. Then the entire South India went on strike! For your information, in one branch to another branch, in the same town, we have transferred. The Chairman was...

PROF. MADHU DANDAVATE : If you do not ring the bell, the professor of economic will take 45 minutes!

MR. SPEAKER : Please conclude.

SHRI JANARDHANA POOJARY : These are some of the difficulties we are facing. We are using the idle fund which is there by opening more currency chests. These are some of the steps we are taking.

SHRI BALASAHEB VIKHE PATIL : A number of urban cooperative banks are demanding new branches in urban areas while the Government is not allowing them but are putting these branches in losses.

Which are the banks in number because they do not have State-wise figures and what are the names of the banks which are making losses?

SHRI JANARDHANA POOJARY : The urban banks and the cooperative banks are both functioning. But, some of the banks are also incurring losses. But the people of the country, wherever they go, are asking for the nationalised banks, not for the cooperative banks. What they say? These cooperative banks are serving only one section of the society and they are not giving to the other section society. That is the complaint that we receive. The demand is for nationalised banks are not for the cooperative banks.

[*Translation*]

**Irregularities by Nationalised Banks
in Loan Distribution**

*274. SHRI VISHNU MODI : Will the Minister of FINANCE be pleased to state :

(a) whether Government have received any memorandum from Rajasthan Powerloom Association, Kishangarh, Rajasthan regarding irregularities being committed by nationalised banks in respect of distribution of loan;

(b) if so, the action taken by Government in this connection so far; and

(c) if no action has been taken so far thereon, the reasons therefor?

[*English*]

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) The Government received a memorandum in the month of November, 1985 from Rajasthan Powerloom Association, Kishnagarh, alleging that two local branches of public sector banks did not consider applications for financing powerloom units and also refused to provide new application forms to such units.

(b) The Government has called for a report from the concerned public sector banks.

(c) Question does not arise.

[*Translation*]

SHRI VISHNU MODI : Hon. Speaker, Sir, through you I want to know from the hon. Minister the number of applications received by the nationalised banks from the powerloom traders of Kishangarh and Madanganj for loan. If possible, particularly tell about UCO Bank as to how many applications were received by that bank, how many of them were given loans, how many applications are pending, the time since which they are pending and the reasons therefor?

[*English*]

SHRI JANARDHANA POOJARY : The performance of the branch of the UCO Bank was not at all satisfactory. So far as the branch of the State Bank of Bikaner and Jaipur is concerned—that is also a part of the question—there performance is satisfactory; three applications had been received by the State Bank of Bikaner and Jaipur and