

PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA

\*\*\*\*\*

**TEXT OF ADDRESS OF FINANCE MINISTER SHRI PRANAB MUKHERJEE  
AT LAUNCH OF BANK OF INDIA'S 4001<sup>ST</sup> BRANCH IN MANIPUR**

New Delhi : Jyaistha 07, 1934  
May 28, 2012

Following is the text of the address of the Union Finance Minister Shri Pranab Mukherjee delivered here today at the launch of the Bank of India's 4001<sup>st</sup> Branch at Pangei, Imphal East District, Manipur State. On the occasion, Shri Mukherjee also launched 1501 Ultra Small Branches of Bank of India under Financial Inclusion programme, Apoorva-Agriculture Product Innovation Cell and the Joint Venture 'BOI AXA Investment Managers Pvt. Ltd.

“It gives me immense pleasure to be amongst you all today on the occasion of simultaneous opening of 4001<sup>st</sup> branch of the Bank of India in Imphal, opening of 1501<sup>st</sup> Ultra Small Branch in Murshidabad and launch of BOI AXA Asset Management Company Limited. I congratulate the Bank of India on reaching this milestone. This occasion provides the Bank to renew its commitment to the task of nation building.

We are now at the commencement of the 12<sup>th</sup> Five Year Plan. It aims at **"Faster, inclusive and more sustainable growth"** and financial inclusion through the 'Swabhimaan' campaign is a key strategy to achieve this objective. Our Banks have achieved commendable progress in providing basic banking facilities in under banked and unbanked areas of the country in the last two years. The Banks need to build on the momentum in improving banking penetration for the people at the bottom of the pyramid, especially in the North Eastern and hilly States.

I am particularly happy that the Bank of India is opening its 4001<sup>st</sup> Branch in Manipur. Only 29.6 percent of the Households avail Banking services in Manipur , as per 2011 Census data, which is the lowest among all States and UTs. While considering the decision to open new branches, I would urge the Banks to specially look at the States where the percentage of Households availing Banking services is lower than the national average. Through its Swabhimaan campaign on financial inclusion, the Government is addressing the policy challenge of covering the hitherto neglected sections of population, disadvantaged because of their location.

I am informed that more than 64% branches of the Bank of India are in rural and semi urban areas, providing banking services to more than 10,000 villages with the help of over 3800 Business Correspondents. Besides BOI is the Lead Bank in 48 districts of 5 States. This gives the bank an opportunity to extend its reach in rural areas by providing banking services at the doorstep on affordable cost. The launch of Ultra Small Branches will increase the Bank's reach and strengthen its efforts towards inclusive growth under financial inclusion scheme.

I am pleased to know that Bank of India has taken initiatives in vocational, skill development and training by setting up 42 Rural Self Employment Training Institutes which have borne positive results. Steps to nurture and develop Credit Counselling Centres appropriately christened 'ABHAY', for providing financial literacy, counseling and guidance are appreciable . I am told that the Bank is now venturing into setting up of Product Innovation Cells named 'APOORVA', whose objective is to provide guidance and financial assistance to farmers for diversifying into allied agricultural activities such as protein rich foods, flax seed etc. which have tremendous potential due to rising income level of our people . As a responsible Public Sector Bank, The Bank of India is admirably sharing and shouldering responsibilities of the Government .

In any modern economy a basic level of understanding of money banking and financial products among its population is necessary . The lack of this understanding has the potential of the aggregate economic gains at the level of the nation being cornered by the financially literate at the expense of the financially illiterate. Recent research has revealed that individuals with low level of financial literacy have a tendency of planning inadequately for retirement and borrowing at higher rates of interest . Thus along with financial inclusion financial literacy is an important plank in nation building. I hope "BOI AXA Asset Management Company", the joint venture launched today by Bank of India will facilitate investments in debt and equity and also promote financial literacy in the country.

Our banks have to tread cautiously on the risks confronting the banking sector especially risks arising out of asset quality, market volatility and global down turn. One of our major concerns is the deteriorating asset quality in the banking sector as a whole where NPAs have grown at an uncomfortable rate in the past couple of years. Specifically, the net NPAs of the Bank of India have increased from Rs 1945 crore (0.91%) in March 2011 to Rs 3656 crore (1.47%) in March 2012. The return on assets (Annualized) has reduced from 0.82% to 0.72% during the same period. The Reserve Bank of India has recently advised selected banks to take necessary steps for appropriate NPA management. Bank of India needs to tighten its belt not only to arrest NPA but also to reverse the trend of asset quality deterioration through better professional supervision.

Indian banking sector faces numerous challenges, and ensuring customer satisfaction is one of them. The opening up of our economy and absorption of latest technology has changed the banking industry in delivering qualitative banking services to the customers. Banking is predominantly a customer oriented business and good customer service is the key to banks' growth and stability. Prompt, effective and courteous customer service emanates from having the right attitude. A radical transformation of attitude right from top management to the employees who come in direct contact with the bank customer is required for improving customer service. The challenge in the banking industry is to develop the right kind of attitude to render service to the customers. I hope Bank of India is giving proper attention to the timely disposal of customer grievances and is taking necessary steps to improve customer satisfaction.

I congratulate the management and staff of BOI for their hard work, dedication and sincerity in nation building. I look forward to redoubling of their efforts in achieving greater heights in delivering high quality services to the customers and emerging among the leaders in every aspect of banking."

**SS/GN**

.....