

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

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**FM: ASKS BANKS TO TAKE COMMERCIAL DECISIONS WITHOUT ANY FEAR OR FAVOUR AS THE GOVERNMENT IS COMMITTED TO PROVIDE THEM FULL FINANCIAL AUTONOMY; REAFFIRMS THE GOVERNMENT'S COMMITMENT AND EFFORTS TO BRING IN GREATER PROFESSIONALISM IN GOVERNANCE AND MANAGEMENT OF BANKS; DURING APRIL 2014 TO JANUARY 2015, PSBS RECEIVED 88 NEW PROJECTS/ PROPOSAL (WITH INVESTMENT OF RS. 250 CRORES) WITH A TOTAL INVESTMENT OF RS. 1.41 LAKH CRORES**

**New Delhi, March 11, 2015**  
**Phalguna 20, 1936**

The Union Finance Minister Shri Arun Jaitley asked the Chief Executive Officers (CEOs) of the Public Sector Banks (PSBs) and Financial Institutions (FIs) to take commercial decisions without fear or favour as the Government is committed to provide them financial autonomy both in letter and spirit. At the same time, the Finance Minister insisted that the banks should have strong public grievances redressal mechanism in place, so that their clients do not have to approach the Government to redress their grievances. The Finance Minister Shri Jaitley said that the adoption of differentiated strategies and capital augmentation plans through innovative financial instruments would allow the banks to meet their capital requirements. He said that this would also at the same time facilitate appropriate credit expansion to meet the needs of the productive sectors of the economy so that the momentum of economic growth may be sustained.

The Union Finance Minister Shri Arun Jaitley was speaking at the Quarterly Performance Review Meeting with the Chief Executive Officers (CEOs) of the Public Sector Banks (PSBs) and Financial Institutions (FIs) for the quarter ending December, 2014 here today. The meeting was chaired by the Finance Minister Shri Jaitley accompanied by the Minister of State for Finance Shri Jayant Sinha, The Meeting was attended among others by Dr. Hasmukh Adhia, Secretary, Department of Financial Services (DFS), Secretary (DEITY), DG (UIDAI), Deputy Governor, RBI, CMDs and MDs of PSBs and CMDs of Financial Institutions (FIs) and senior officials of the Department of Financial Services, Ministry of Finance.

The Union Finance Minister Shri Arun Jaitley also appreciated the good work done by PSBs in providing financial inclusion to all households by opening at least one bank account per household under the Pradhan Matri Jan Dhan Yojana (PMJDY). He said that achieving near total financial inclusion in a short period of time has shown that the banking system is capable of delivering the desired output when our energies are focused on the priority area. The Finance Minister expected that the PSBs would show the same resolve in containing the slide in financial performance parameters such as credit growth, profits and stressed assets. In this connection, Shri Jaitley mentioned about the Government's efforts to bring in greater professionalism in governance and management reforms of PSBs. The next phase of PMJDY would be focused on mobilisation of financial savings to reverse the decline in the savings rate, the Minister added. This would be possible by activating the PMJDY accounts by progressive use of Direct Benefit Transfer (DBT), increasing financial literacy and creating universal social security cover for all citizens, especially the poor, under-privileged and workers in un-organised sector. The Finance Minister Shri Jaitley also mentioned about the specific budget announcements made while delivering his Budget Speech 2015-16 to introduce Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana and Atal Pension Yojana. The Finance Minister expected that PSBs would play an active role in successful implementation of these schemes. Later separate sessions were organized on firming-up the operational framework of these schemes in consultation with the stakeholders.

The Financial Parameters, such as, profitability, net interest margin and review of business parameters during the Quarter ending December, 2014 were discussed during the one day meeting and reasons attributable to varied performances were ascertained. While the overall agricultural credit target was achieved and the flow of such credit has been satisfactory during 2014-15, it was expected that all efforts would be made to make the agricultural credit available to all the eligible farmers in the country. However, since the share of investment credit in the banks is going down, the PSBs were urged to reverse this trend by increasing the term loans in agriculture.

The lending targets for MSE Sector are critical in achieving successful implementation of the “Make in India” programme. Therefore, credit needs of this sector may be met by the PSBs and therefore, there is need to achieve all targets of MSE lending, as some banks have not achieved the targets for MSE lending. The credit growth in housing sector is higher compared to the overall credit growth and the NPAs are lower, making this sector a priority sector for further growth of credit without concomitant fear of rise in NPAs. The overall targets for minority sector lending have been achieved. The progress under the educational loans is to be accelerated. PSBs were advised to follow the revised guidelines of Model Educational Loan Scheme scrupulously.

The Government had infused capital of Rs.14,000 crore during 2013-14 in fourteen(14) PSBs and decided to infuse Rs. 6990 crore in nine (9) PSBs during 2014-15. Further approvals have been given in 2014-15 to 7 PSBs to raise capital from the market. The Government decision to reduce the shareholding of PSBs to 52% would also give these banks headroom to raise capital from the market. All these efforts are being undertaken to allow the PSBs to meet the Basel-III capital requirements.

The analysis of NPAs across sectors was done during the Review Meeting and it was expected that both the PSBs and the Government would continue with the measures to improve the asset quality. It was expected that some actions on the part of the banks, identified at Gyan Sangam in January, 2015 relating to risk management and asset quality, would be taken by them. The Government is in the process of establishing six new Debt Recovery Tribunals (DBTs) to speed-up the recovery of bad loans of the banking sector. It was informed that out of 355 Joint Lenders’ Forum (JLF) formed by banks during the period 1<sup>st</sup> July, 2014 to 26<sup>th</sup> February, 2015, 254 JLFs were formed by PSBs out of which State Bank of India has shown a lead with 107. Resolution of stalled projects would help PSBs in improving the asset quality. During the period April 2014 to January 2015, PSBs received 88 new projects/ proposal (with investment of Rs. 250 crores) with a total investment of Rs. 1.41 lakh crores. These are in various stages of appraisal, sanction and stage-wise disbursements.

The meeting ended with the hope that PSBs would help in achieving the overall target of inclusive growth.

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