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**Union Finance Minister, Shri Pranab Mukherjee's speech at the special Platinum Jubilee celebration of Indian Overseas Bank at Chennai**

"I am very happy to participate in this Special Platinum Jubilee celebration of Indian Overseas Bank. In these 75 years, IOB has grown into a large bank having business of over Rs. 2,90,745 crores with 2,250 branches & 1,245 ATM network. It was the smallest among all 14 banks at the time of nationalization in 1969, but has grown from strength to strength since then. I am happy to note that in the Platinum Jubilee year, the bank's growth is remarkable: it has crossed yet another mile stone of Rs. 3 lakh crores business mix.. I compliment the family of IOB for this laudable performance.

The latest Financial Stability Report demonstrates that our domestic financial system is robust and our capital adequacy benchmark for banks still remains above the regulatory requirements even under the proposed Basel-III stipulations. Under the present global scenario, our banks have to tread cautiously on the risks confronting the banking sector- risks arising out of asset quality, market volatility and global down turn. There is also the concern over the deteriorating asset quality in the banking sector as a whole where NPAs have grown faster than the credit growth over the past couple of years. There is need to tighten the belt not only to arrest but to reverse the trend of

asset quality deterioration in banks with better professional supervision.

In order to bring our banks at par with the global standards, we are going forward towards a more rigorous regime of capital adequacy under Basel-III which would be implemented in phases from January 01, 2013 till 2019. The stringent norms of Basel-III guidelines have also been factored in for maintaining a minimum Tier-I capital requirement of 8% in all PSBs which is over and above the regulatory requirement of 6%. I can assure you that in the coming years also, the government is committed to keep all the PSBs adequately capitalized in order to bring our banks at par with their global peers and at the same time, catering to the needs of the majority in our economy as well.

There is another important area where the financial exclusion of the poor living in rural and unbanked areas is constraining the future equity and growth of our economy. This calls for a special drive of financial inclusion with the help of available technology and a lot of zeal from bankers. Financial Inclusion drive, therefore, has become core to our drive towards an inclusive society, through a more equitable economic development under a process of inclusive growth. We have to guarantee access to the people living in rural and unbanked areas through improved financial intermediation. For the current year, we have set a target to cover about 73,000 habitations of the country with banking facilities. Till now we could cover about 46,000 villages. In another couple of years, we propose to cover all habitations having population over 1,000. The required technology is now available and under the existing scenario of a bank-led financial inclusion drive, our banks have to come forward and create opportunities through Business Correspondent model for those who are still neglected. We have already launched the **“Swabhiman”** Scheme for holistic financial inclusion. Our **“Swavalamban”** Scheme for co-contributory

voluntary pension scheme is also geared to meet the overall end of financial inclusion.

I am told, IOB was allotted 1281 villages for providing banking outlets up to March, 2012, out of which 1270 has already been covered and remaining 11 has also been covered this week. Banks have been doing a good job to expand the banking network both through setting up of new branches and also through BC model by leveraging upon the Information and Communication technology (ICT). I am glad to learn that Indian Overseas Bank has completed its target of financial inclusion well ahead of time and is acting as a role model for other banks in the state. 12 villages in Tamil Nadu are now proposed to be adopted as a part of platinum jubilee. It must be appreciated that our efforts are not only to ensure necessary “access” but also due “accessibilities” to the people who are deprived of banking services.

We are also introducing an e-payment system for direct credit of dues from the central government to the beneficiaries. This system will bring transparency and expedite direct payments from central paying units relating to subsidies to the users and consumers of fertilizer, kerosene and cooking gas which is already a declared objective of the government.

Before I close, I must make a special mention about the talent development that the banks would require to undertake the tasks I have outlined so far. We need a paradigm shift in recruitment, training, skilling, mentoring, assigning responsibilities and rewarding the staff. Indian banking has today the necessary strength, reach, confidence and momentum to act as driver of great changes in the Indian economy and society. It only requires a committed workforce led by a dedicated management to

realize their true potential to serve the people and the country.

I wish Indian Overseas Bank the very best and many more landmarks in the future".

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