

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4177  
ANSWERED ON:18.08.2000  
BANKING SYSTEM REFORMS  
SURESH CHANDEL

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government propose to set up Banking Reforms Commission to improve the banking system;
- (b) if so, the details thereof and the time by which it is likely to be set up; and
- (c) if not, the manner in which the reforms are likely to be carried out in banking sector ?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL) :

(a) No, Sir.

(b) Does not arise.

(c) Reforms in the Indian banking sector were initiated based on the recommendations of the Committee on Financial Systems which submitted its report in 1991. In April, 1998 the Committee on Banking Sector Reforms under the Chairmanship of shri M. Narasimham made a number of recommendations covering institutional, supervisory, legislative and banking policies aspect. These recommendations relate to capital adequacy, asset quality, non-performing assets, directed credit, prudential norms, disclosure requirement, systems and methods in banks, structural issues, rural and small industrial credit, regulation & supervision, legal and legislative framework. These recommendations, some of which have been implemented, constitute a valuable input into the ongoing process of reforms of the banking sector.