

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5045
ANSWERED ON:20.04.2001
CREDIT CARD BUSINESS
JAI PRAKASH

Will the Minister of FINANCE be pleased to state:

- (a) whether the foreign banks have monopoly in credit card business in the country ;
- (b) if so, the steps taken by the Government to make the public sector banks compete with the foreign banks in this business;
- (c) whether guidelines have not been issued in respect of credit card business at central level and foreign banks are framing their own rules on the basis of the existing rules at international level:
- (d) if so, whether the Government propose to issue directions to foreign banks to bring transparency in their working or showing of rules etc. to safeguard the interests of the credit card holders; and
- (e) if so, the time by which the Government are likely to take decision in this regard?

Answer

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

(a) Reserve Bank of India (RBI) has reported that on the basis of information received by it from the banks, the total number of credit cards issued by public sector banks and foreign banks, as on 31st March 2000, was 10.60 lakh and 23.83 lakh, respectively. RBI has further reported that the aggregate turnover on credit cards recorded by public sector banks and foreign banks, for the year ended 31st March 2000, was Rs. 1916.42 crore and Rs. 6198.40 crore, respectively.

(b) to (e) RBI has issued instructions to all scheduled banks, including - public sector banks, private sector banks and foreign banks, that only those banks which have net worth of Rs. 100 crore or above should issue credit cards, with the approval of their Board of Directors, RBI have advised the banks to put in place effective systems for proper appraisal of applications and for follow up of dues to minimize the incidence of bad debts/frauds. The banks are also required to place review reports before their Boards of Directors on their credit card business covering the number of cards average turnover per card, total turnover, cost-benefit analysis of the business, bad debts and provisions held there-against. The instructions issued by RBI to the banks regarding credit card business apply uniformly to all categories of banks, whether in public sector, private sector or foreign banks,