

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5326
ANSWERED ON:29.04.2005
NON- BANKING OPERATIONS OF BANKS
Chinta Mohan Dr. ;Nahata Smt. P. Jaya Prada

Will the Minister of FINANCE be pleased to state:

- (a) whether mainly public and private sector banks bear the responsibility of meeting the credit requirements of industrial, agricultural and business sectors;
- (b) if so, the reaction of the Government in regard;
- (c) whether banks are earning most of their profits from their non-banking operations;
- (d) if so, the facts in this regard; and
- (e) the average percentage of the total capital being annually utilized by the banks in non-banking operations?

Answer

THE MINISTER OF STATE IN THE MINISTRY FINANCE (SHRI S.S. PALANIMANICKAM):

(a) Yes, Banks in different groups viz. public, private and operative are catering to the credit requirements different sectors including industry, agriculture and trading. The banks exercise commercial judgement extending credit in accordance with their well established loan policy duly approved by their Board of Directors.; bank group-wise analysis for the year 2003-04 given below indicates that a major share of the profits of Public Sector Banks and private sector banks was on account of trading income while in the case of foreign bank foreign exchange transactions accounted for a major share in profits.

(Amount in Rs. crore)

Bank Group	Trading Income	Operating Profit
------------	----------------	------------------

Scheduled Commercial Banks	19532	52671
----------------------------	-------	-------

Public Sector Banks	15410	39475
---------------------	-------	-------

(a) Nationalised Banks	10482	25111
------------------------	-------	-------

(b) State Bank Group	2928	14364
----------------------	------	-------

Old private sector banks	1476	3196
--------------------------	------	------

New private sector banks	2034	5013
--------------------------	------	------

Foreign Banks	612	4987
---------------	-----	------