

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1589
ANSWERED ON:01.12.2006
DISBURSEMENT OF LOANS BY PUBLIC AND PRIVATE BANKS
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Will the Minister of FINANCE be pleased to state:

- (a) the performance of Public Sector Banks and Private Sector Banks in terms of deposit and loan disbursement during the last three years and the current year;
- (b) whether public sector banks lag far behind the private sector banks in respect of sanctioning of loans particularly for vehicle;
- (c) if so, the details thereof;
- (d) the total vehicle loan disbursed by private and public sector banks during the said period separately; and
- (e) the steps taken by the Government to make the public sector banks more efficient and competitive in the in after of disbursement of loans?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (d): The performance of public and private sector banks in terms of total deposits, loans and advances and auto loans for the last three years is given at Annex. The data shows that while outstanding deposits of public sector banks increased by Rs.2,07,078 crore in 2004-05, Rs. 1,85,940 crore in 2005-06 and Rs. 84,075 crore in the period April to September, 2006, the outstanding deposits of private sector banks increased by Rs. 45,848 crore, Rs. 1,13,622 crore and Rs. 36,382 crore in the corresponding periods respectively. Similarly, the outstanding loans and advances of public sector banks increased by Rs.2,21,180 crore in 2004-05, Rs.2,51,913 crore in 2005-06 and Rs.47,709 crore in the period April to September, 2006 while the outstanding loans and advances of private sector banks increased by Rs.50,575 crore, Rs.91,571 crore and Rs.14,825 crore in the corresponding periods respectively. Though the increase in outstanding auto loans of private sector banks in 2005-06 of Rs.2 5,424 crore exceeded the growth of Rs. 2897 crore in outstanding auto loans of public sector banks in the same year, the increase in outstanding auto loans of public sector banks in the first half of the current year exceeds the growth in such loans of private sector banks in the same period.

(e): To make the public sector banks more efficient and competitive. Government has granted them additional managerial autonomy in February, 2005. The Boards of Public Sector Banks now enjoy freedom to carry out their functions efficiently without any impediment, subject to statutory requirement, Government policy prescriptions and regulatory guidelines issued by RBI from time to time. The Boards of Directors of the public sector banks have also been authorized to delegate enhanced powers to the CMDs and EDs of the PSBs in the matter of sanctioning of loans and writing off irrecoverable loans. The performance of public sector banks is also reviewed on continuous basis by way of Statement of Intent on Annual Goals`.