[*Translation*]

Losses Suffered by Nationalised Banks

*37. SHRI RAM LAL RAHI: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that the Reserve Bank of India has declared some nationalised banks as sick units;

(b) if so, the names of such banks and the reasons for huge losses in those banks;

(c) the number of such banks where disciplinary action has been taken against management;

(d) whether the Government propose to hand over these banks to the private sector; and

(e) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) to (e). Reserve Bank of India (RBI) had carried out a review of the financial position of the nationalised banks. It was observed that financial position of some of the banks was not satisfactory. This is primarily on account of deficiencies in their credit administration both at appraisal and post-sanction stages.

As in any other industry, the financial soundness varies from bank to bank. As per the annual accounts of nationalised banks for the year 1989-90, except New Bank of India and UCO Bank, the other 18 banks have shown profits. The profit earned by these banks aggregate to Rs. 249.60 crores as against the annualised profit of 20 nationalised banks aggregating to Rs. 203.28 crores for the year 1988-89.

The financial position and performance of the nationalised banks is reviewed by the Government and the Reserve Bank of India on an on-going basis. Government and Reserve Bank of India have taken a series of measures to improve the performance and profitability of the public sector banks. These include augmentation of their capital, rationalisation of service charges and interest rates structure and levy of commitment charges on unutilised portion of operating limits. Banks have also been advised to take measures to control expenditure in consumption of petroleum, publicity etc., draw up action plans to improve their operational efficiency and take other measures to strengthen their viability and profitability by means of effective business planning and development. Bank have also been advised by the Reserve Bank of India to initiate action against officials who are found to be involved in cases of frauds.

Government have no proposal to hand over these banks to the private sector.

[*English*]

Amalgamation of Branches of Indian Banks Abroad

*38. SHRI NARSINGRAO SURYAWANSHI: Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India is considering a proposal to amalgamate all the branches of Indian banks operating abroad;

(b) if so, the various factors responsible for the proposal for amalgamation; and

(c) the decision, if any, taken by the Government in the matter?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) to (c). The operations of the overseas branches of the Indian banks are being reviewed both by the Government and the Reserve Bank of India

on an on-going basis. The proposal for re-structuring of overseas operations of Indian banks is a part of this on-going exercise. No final decision has yet been taken in this regard.

Assistance to Victims of Natural Calamities

*39.   SHRI BHAJAMAN BEHERA:
        SHRI ANADI CHARAN DAS:

Will the Minister of FINANCE be pleased to state:

(a) whether the general guidelines is-sued by the Reserve Bank of India in 1984 were revised in 1989 to enlarge the scope of assistance by banks to victims of floods, cyclones, landslides, riots, etc. so as to provide financial assistance/housing/agri-cultural credit facilities to persons affected in the coastal districts;

(b) if so, the number of persons in Orissa provided assistance as per the above guidelines during 1989 and 1990 till date;

(c) whether, in view of the unprec-edented floods/cyclones in Ganjam District of Orissa during the current year, any fresh instructions have been issued to the finan-cial institutions/banks in the District to give more financial assistance to the affected persons; and

(d) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) and (b). Reserve Bank of India (RBI) had issued standing guidelines to banks in August, 1984 for providing relief and rehabilitation assistance to the persons affected by natural calamities such as floods, droughts, cyclones etc. without waiting for instructions from RBI each

time. These guidelines envisage inter alia (i) conversion of short-term production loans into medium term loans, (ii) rescheduling/ postponing of existing term loan instalments and (iii) provision of additional need-based crop/investment loans etc.

In the event of riots/disturbances, gen-erally on receipt of information regarding the extent of loss of life, damage of property, etc., from the concerned State Government, banks are advised by RBI to follow broadly the above guidelines for extending rehabili-tation assistance to the affected people. Banks also provide housing finance for re-pairs/reconstruction of houses damaged as and when there is a request from the con-cerned State Government to that effect giv-ing details of the extent of damage caused to house property. The relief by way of fresh advances or any other concession provided to any affected person for pursuing his trade/ activity by banks becomes a part of their advances to that sector and no separate reporting system has been prescribed for banks by RBI for this purpose.

(c) and (d). In view of the recent floods in some districts of Orissa, RBI had reiterated to all Scheduled Commercial Banks on 4.12.1990 to implement the standing guide-lines of August, 1984 for providing relief and rehabilitation assistance to the persons af-fected by natural calamities. The Coopera-tives and Regional Rural Banks have been advised by National Bank for Agriculture and Rural Development (NABARD) on 27th No-vember, 1990 to provide immediate relief to the farmers affected by the floods/cyclones in the various districts of the State and ensure that the affected borrowers who had taken khariff loans be provided financial assistance for taking up Rabi operations.

UCO Bank, Convenor, State Legel Bankers Committee, Orissa has reported