

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**FINANCE MINISTER REVIEWS ANNUAL PERFORMANCE OF PUBLIC SECTOR
BANKS AND FINANCIAL INSTITUTIONS FOR 2013-14; CALLS FOR TOUGHER
ACTION AGAINST WILFUL DEFAULTERS; HIGHEST EVER
MORE THAN 10,000 NEW BRANCHES OPENED DURING 2013-14**

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The Union Finance Minister Shri P. Chidambaram said that the last Financial Year 2013-14 was a difficult year even though there was positive movement towards greater stability. The Finance Minister expressed the need for structural reforms to tackle the problems of inflation especially food inflation which can't be tackled through fiscal and monetary policies alone. He said that tough measures need to be taken against wilful defaulters. He said that position that 'promoter is prosperous but company is sick' is not acceptable. He asked the banks to form a consortium and take joint action against such defaulters. The Finance Minister Shri Chidambaram was speaking while reviewing the Annual Performance of Public Sector Banks (PSBs) and Financial Institutions (FIs) for the Financial year 2013-14 here today. Among those participated in the meeting include Shri Namo Narain Meena, Minister of State for Finance, Dr. Gurdial Singh Sandhu, Secretary, Department of Financial Services, Ms Snehlata Shrivastava, Additional Secretary, DFS, CEOs/CMDs of Public Sector Banks(PSBs) and Financial Institutions(FIs) along with other senior officials of the ministry. Issues related to Non-Performing Assets (NPAs) of PSBs and measures for prevention of new accretion to NPAs were discussed. Flow of credit to the agriculture sector including priority sector lending, education loans, minority lending, MSME credit were high on the agenda and discussed. In addition, issues related to stalled projects, new projects having a bearing on the functioning of PSBs and progress on financial inclusion were also discussed.

The 2013-14 Annual Results of 19 PSBs which have been declared so far were analysed at the meeting. As against the stated target of 40% Adjusted Net Bank Credit (ANBC), the Public Sector Banks (PSBs) have done Priority Sector Lending (PSL) to the extent of 37% of ANBC. Within the PSL, the advances to weaker section have been at 10.6% of ANBC as against the stated target of 10% and minority lending has reached a level of 16.09% as against the target of 15%. The number of students availing Education Loan has gone up to 25.72 lakh accounts with a credit outstanding of Rs.58,265 crores.

Banks have also done lending of Rs.7,511crores to Micro and Small Enterprises during the year 2013-14. Out of this, the percentage of allocation to Micro Enterprises is 52.81% and there has been a growth of 14.15% in terms of number of Micro Enterprises covered during the year. In terms of credit growth to MSE growth has been 23.01% during the year.

The housing sector including Priority Sector Housing has seen a growth rate of 18.4% during the year 2013-14 with a total lending of Rs.5.408 lac crores to housing sector. The total outstanding as on 31st March to housing sector by Public Sector Banks is Rs.3.72 lakh crores. NPA in housing loan has reduced from 1.8% in financial year 2012-13 to 1.47% in financial year 2013-14.

It was noted that banks have opened more than 10,000 branches during 2013-14 which is the highest ever. Out of that, PSBs alone have opened 7,840 branches in the country in 2013-14 which is a major improvement from the average 4,000-4,500 branches that they normally open every year. Moreover, banks have set-up more that 25,000 on-site ATMs which is two and a half times the 10,000 ATMs that they usually set-up every year. Besides it, more than 15,000 ATMs have been opened off-site and thus, more than 40,000 ATMs have been opened during 2013-14.

The slowing down of the economy has impacted the results of the banks. Year on year Deposit growth of 19 PSBs as on 31st March, 2014 was 11.43% and Advances growth was 10.69% .Gross NPAs had increased and net profit had decreased vis-a-vis the performance reported in 2012-13.

The sluggishness in the domestic growth during the recent past and the tepid recovery in the global economy have impacted the NPAs. Gross NPAs of PSBs have risen from 3.84 per cent as on March, 2013 to 4.44 per cent as at the end of March, 2014. However, **from a peak of 5.07 per cent, GNPA's in the third quarter ending December, 2013, these have come down to 4.44 per cent (provisional) in the last quarter of the year ending March, 2014.** The top 30 NPAs of PSBs account for 40.2 % of their GNPA's. The CEOs of PSBs

reported the measures being taken to bring down the NPAs. The Finance Minister asked them to redouble their efforts on recovery and take tough measures against wilful defaulters.
