

Finance Minister's review of Public Sector Banks

Finance Minister Arun Jaitley today reviewed Public Sector Banks (PSBs) with their Chief Executives and other Whole-time Directors. Shri Rajiv Kumar, Secretary, DFS, set the agenda for enhanced credit growth, focus on recovery and financial inclusion. After highlighting process & systemic reforms taken, he emphasized need for structural changes to establish Brand PSB. Shri M.K. Jain, Deputy Governor, RBI also joined the meeting and while sharing regulatory concerns, pledged all support and encouraged bankers to work in cohesion. The review took note of the continued improvement in banking in terms of highest ever recovery in the last quarter, pick-up in credit growth to 13.5%, growth in MSME lending to 10.5%, the highest Provision Coverage Ratio in over five years, and higher operating profits. After deliberating on how to sustain this momentum, a number of action points were identified for implementation in the remainder of the current financial year. Highlights include:

- ❖ Targeting recovery of Rs. 1,80,000 crore, up from Rs. 74,562 crore in last FY
- ❖ Mobilising over Rs. 18,500 crore through monetisation of banks' non-core assets in the current FY for strengthening their capital base
- ❖ Complete rationalisation of foreign operations of PSBs by March 2019, with closure/consolidation of 57 branches/offices
- ❖ PCA banks would pursue their quarterly performance milestones, including improvement in their lending risk profiles through a 6% reduction in Credit RWAt o Advances Ratio and 8% reduction in Cost to Income Ratio. Banks' performance was on track during Q1.
- ❖ Banks would complete action by December 2018 on fraud detection and initiation of action in respect of NPAs with outstanding of above Rs. 50 crore.
- ❖ Banks would put in place by December 2018 effective monitoring, vigil on early warning signals, and timely action before accounts turn NPA. These include—
 - Independence of stock audit from branches
 - Timebound closure of stock audit observations
 - Regular review of CIC reports on borrowing entities and promoters
 - Timely settlement / resolution plans before account turns NPA
 - Invocation of personal guarantee before account turns NPA
- ❖ Comprehensive recovery action within Q3:
 - Transfer NPAs above Rs. 50 crore to Stressed Asset Management verticals
 - Integrated case databases for all NPAs, with MIS
 - Completion of documentation in DRT and SARFAESI filings
 - Create database of auctionable properties and proactively publicise
- ❖ End-to-end OTS platform for all online & offline OTS proposals by March 2019

EASE and financial inclusion efforts are also to be intensified. For EASE, banks were advised to modernise more branches to enable self-service for customers in digital mode. The goals set for financial inclusion were as under:

- ❖ Opening Jan Dhan accounts with RuPay cards to cover all adults
- ❖ Coverage of uncovered families under Pradhan Mantri Suraksha Bima Yojana and Pradhan Mantri Jeevan Jyoti Bima Yojana
- ❖ Deployment of Bank Mitras in 8,808 villages, reactivation of Bank Mitras in 5,798 villages, opening of branches in 72 LWE-affected districts and of 124 branches / Business Correspondents in Aspirational Districts by October 2018
- ❖ Onboarding of PSBs on National Common Mobility Card for "One Nation One Card"
- ❖ Activation of all 13,639 Aadhaar Enrolment Centres in PSB premises by October 2018