

Restructuring of balance sheets by banks

2519. DR. K.P. RAMALINGAM: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that current slow down in the Indian economy is a wake up call for banks;
- (b) if so, the details thereof;
- (c) whether it is also a fact that the banks should utilize the opportunity to restructure their balance sheets or recast their business mix; and
- (d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (d) The overall economic situation affects the banking sector since it is the credit provider to the productive sectors of economy. As per Reserve Bank of India (RBI) the Capital to Risk Weighted Asset Ratio (CRAR) of the Banking System in the country stood at 13.88% as on March, 2013 and is well above regulatory norms of 9%. Banks have been advised by RBI from time to time, to take effective measures to strengthen the credit appraisal and monitoring of advances. Further, RBI has issued a Framework for Revitalising the Distressed Assets in the Economy on 30th January, 2014 to be effective from April 1, 2014 in terms of which banks will be required to take suitable steps to recognise the stressed assets in their balance sheets at an early date and take corrective actions as per the Framework.

Reforms in bank licensing process

2520. SHRI T.M. SELVAGANAPATHI: Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) is considering to make bank licensing process more frequent and allow free entry of banks as and when necessary;
- (b) whether the RBI proposes to carry forward these ideas and come up with a detailed road map of a necessary reform and regulations for free entry and making the licensing process more frequent;
- (c) if so, the details thereof; and

(d) whether the RBI was likely to issue the new bank licenses by January, 2014?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) As announced in the Monetary Policy Statement 2013-14 of Reserve Bank of India (RBI) on 3.05.2013, a Discussion Paper on 'Banking Structure in India – The Way Forward', was released on its website on 27.08.2013 for comments. The Discussion Paper has, *Inter alia*, covered various issues such as small banks vs. large banks, universal banks, continuous authorization, conversion of urban commercial banks, consolidation in the banking sector, presence of foreign banks etc. RBI's examination of the public comments received on the discussion paper is not complete.

(d) RBI has constituted a High Level Advisory Committee under the Chairmanship of Dr. Bimal Jalan, former Governor, RBI for screening of applications for new banks in the private sector. The Committee is expected to complete its work by the first quarter of the year 2014 and submit its report along with recommendations to RBI. Thereafter, RBI will take a decision to issue in-principle approval for setting up of banks by the eligible applicants.

Disbursement of educational loans in Tamil Nadu

2521. SHRIMATI KANIMOZHI: Will the Minister of FINANCE be pleased to state:

- (a) the number of students who have received educational loans in Tamil Nadu during the last three years;
- (b) the details of the criteria followed to sanction such loans;
- (c) whether applications of a number of students have been rejected; and
- (d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) the number of students who have received educational loans in Tamil Nadu during the last three years:

Year	No. of Students availed Education Loans in TN
2010-11	1,57,024
2011-12	1,38,869
2012-13	88,313