

FORMULATION OF REFORM AGENDA FOR BANKS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Banking, NPAs and RBI

Ministry of Finance

Formulation of Reform Agenda for Banks

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A Reforms Agenda of Public Sector Banks (PSBs) aimed at Enhanced Access & Service Excellence (EASE) and encapsulating a synergistic approach to ensuring prudential and clean lending, better customer service, enhanced credit availability, focus on Micro, Small & Medium Enterprises (MSMEs), and better governance has been adopted. Reforms in the agenda include, *inter alia*, making it easier for MSMEs and retail customers to transact, significantly increasing access to banking services, near-home banking services, time-bound refund on unauthorised electronic transactions, and mobile ATMs in underserved districts.

Steps taken by Government to reform Regional Rural Banks (RRBs) include, *inter alia*, the following:-

- i. Enactment of Regional Rural Banks (Amendment) Act 2015 to strengthen the capital base and improve their overall capabilities and making provision for RRBs to raise capital from source other than Central Government or State Government or Sponsor Bank, subject to the shareholding of Central Government and Sponsor Bank shall not be less than fifty-one per cent,
 - (ii) Revision of guidelines to make the system of appointment of auditors for RRBs more objective and transparent to improve quality of audit, and
- iii. Improvement in the recruitment process.

This was stated by Shri Shiv Pratap Shukla, Minister of State for Finance in a Written Reply to a Question in Rajya Sabha today.

DSM/RM/KA

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