

Q. Government-owned scheduled commercial banks not only provide tremendous comfort level to depositors but also render services effectively. Enamne.

Ans:- All we know that government of India privatising the banks for providing better services to all level of the peoples and under government, these banks cannot conserve public's need.

Important facts about commercial banks is as follows:-

(i) Banking will be one of the sectors where a large minimum of the public sector will remain.

(ii) Privatising one or two banks, due to various reasons, is quite different from privatising a major chunk of publi-public sector banks.

(iii) New generation of private sector banks which are giving enough competition to the government banks.

(iv) The major problem faced by banks is on account of non-performing assets, which

is common for both the private and public sector banks.

(vi) After the formation of Reserve bank of India in 1935, up to the period of our getting Independence (1947) there were 900 bank failures in our country. From 1947 to 1969, 665 bank failed.

(vii) Government facing difficulty to additional capital to the government banks on account of fiscal constraint and Capital Adequacy Ratio for continuing their lending operations.

(viii) Any failure of banks will have a tremendous contagion effect and will derail the economy. For example in Lakshmi Vilas Bank and Jes Bank.

(ix) Bank owned by sovereign government provides tremendous comfort level to depositors, and man feels that a state bank will safe our money.

In the end we can say commercial banks is also become an excellent tool for the economic progress of the country, so government need to focus on it carefully.