

## **RBI releases Report on Trend and Progress of Banking in India – 1998-99**

**November 15, 1999**

The Reserve Bank of India today released its Report on Trend and Progress of Banking in India 1998-99. The Report gives a comprehensive account of the performance of commercial and cooperative banks, as also of other financial entities during 1998-99, besides the policy and regulatory environment in which they operate. The highlight of the Report is a detailed treatment of main aspects of the functioning of the non-banking finance companies (NBFCs).

The first chapter captures in nutshell the banking developments and the policy perspectives. It deals with both micro and macro issues that have a bearing on the efficiency and working of the banking system. The chapter emphasises the need for furtherance of reform measures with a view to improving the allocative efficiency of resources and strengthening the banking system.

Chapter II on Developments in Commercial Banking analyses the financial performance of scheduled commercial banks (SCBs), and of the various bank groups viz., public sector banks, nationalised banks, old private sector banks, etc., besides, a special focus has also been provided on the financial performance of Regional Rural Banks (RRBs). The chapter provides a number of insights into the performance of these banks during the year.

Chapter III covers the 'Developments in Cooperative Banking'. The chapter also traces developments in the role of National Bank for Agriculture and Rural Development (NABARD) as an apex institution in the provision of refinance facility, the aggregate limits sanctioned by NABARD to the state cooperative banks increased, facilitating larger draws by these banks.

In chapter IV, major developments in various financial institutions like IDBI, ICICI, IFCI during 1998-99 are analysed together with the performance of mutual funds. The aggregate financial assets of financial institutions and banks registered a lower growth of 12.2 per cent during 1998-99 as compared with 16.9 per cent in the preceding year. At the disaggregated level, financial assets of financial institutions registered a growth of 8.1 per cent during 1998-99 as against 18.8 per cent during 1997-98. The growth in the financial assets of financial institutions was driven primarily by the significant growth in assets of all-India term-lending institutions (16.0 per cent in 1998-99 on top of a rise of 22.5 per cent in 1997-98).

Total resources mobilised by the mutual funds industry posted a decline during 1998-99. Mutual funds other than UTI, in the private and public sector, however, posted better performance as compared with the previous year.

The chapter on Non-Banking Finance Companies mainly discusses the regulatory, supervisory and developmental aspects of NBFC functioning and provides useful insights

into the growth of NBFCs and their role in the development and stability of the financial sector.

The report is also available on the RBI website (URL:[www.rbi.org.in](http://www.rbi.org.in) )

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