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## Everything is not 'hunky-dory' in retail lending: RBI

By PTI | Updated: Aug 30, 2016, 04.37 PM IST

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NEW DELHI: RBI today said everything is not hunky-dory about public sector banks' retail lending and underlined the need for improving credit appraisal and monitoring.

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"If you look at the credit growth you do see that there is more growth in private sector as opposed to the public sector banks and then you have problem of the public sector banks also going for retail. It is not necessary that everything is hunky dory in retail," RBI Deputy Governor N S Vishwanathan said.

"And you do not want to create a leverage in household... what we need is that a proper understanding of risk and mitigation of the risk so that banks are lending to right parties... we believe that information asymmetry is the main bottleneck in some credit appraisal and strong credit monitoring," he said at an ASSOCHAM event here.

The deputy governor also said while the RBI believes that businesses can get into financial difficulties and genuine business needs should be supported and malfeasance should be properly dealt with.

"We have therefore put in place a detailed system for identifying wilful defaulters and non-cooperative borrowers with attendant consequences to the borrowers who are so declared. We also believe that frauds should be sternly dealt and have created a fraud registry," he said.

The government has notified the amendment to the DRT and SARFAESI Act which will speed up the debt recovery process, he said, adding, the insolvency code has already been enacted.

The government has set up a committee, with four sub-groups, to formulate detailed regulations and rules to operationalise the code within short time span, he said.

The government has also taken steps to improve the corporate governance in the public sector banks, he added.

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