Q96

With reference to the governance of public sector banking in India, consider the following statements: 1. Capital infusion into public sector banks by the Government of India has steadily increased in the last decade. 2. To put the public sector banks in order, the merger of associate banks with the parent State Bank of India has been affected. Which of the statements given above is/are correct? (a) 1 only (b) 2 only (c) Both 1 and 2 (d) Neither 1 nor 2 Official key: B.

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Indian Constitution, polity, rights, governance - Prelims GS Paper I.

Explanation

(a)

(a) 1 only. Capital infusion into public sector banks did not rise steadily through the decade before 2018; it came in bunches around stress episodes. Statement 1 is therefore false. This option is not the key.

(b) Official key

(b) 2 only. The five associate banks and Bharatiya Mahila Bank were merged into the State Bank of India in 2017 as a consolidation step. Statement 2 is correct; statement 1 is not. This option is the official key.

(c)

(c) Both 1 and 2. The "steadily increased" claim fails, so both cannot be right. This option is not the key.

(d)

(d) Neither 1 nor 2. Statement 2 is true, so "neither" fails. This option is not the key.

Summary

Official key is (b) 2 only. PSB recapitalisation in the years before the exam was lumpy, not a steady climb, so statement 1 is wrong. The merger of SBI's associate banks with the parent was completed in 2017 and was a major governance/consolidation move. Only statement 2 therefore stands. The WRAP key is (b).

Related possible facts

These can be asked in a future Prelims paper.

SBI merger 2017
Five associates plus Bharatiya Mahila Bank into SBI

Associates
State Banks of Bikaner & Jaipur, Hyderabad, Mysore, Patiala, Travancore

Indradhanush 2015
PSB reform package including recapitalisation

Prevention of Corruption Act (PCA)
Prompt Corrective Action framework of RBI on weak banks

NPA crisis
Context for later large, non-steady capital infusions