Union government would like to privatise the nationalised banks by amending the Banking Companies Acquisition and Transfer of Undertakings Act, 1970 in the monsoon session of the Parliament. 1970 Banking Act required the union government to hold at least 51 percent of equity.

When Mrs Indira Gandhi overnight nationalised the banks in two bouts first in 1969, fourteen and second in 1980, six banks with different capital thresholds, it was just not a political move. Banking as a public good, was not within the reach of millions, more particularly, the neediest, in the rural areas then. When the first stage of reforms started in 1991, nationalised banks were found to have achieved the expectations, ushering in barefoot banking and nationalised banks were phenomenally improving the reach through the Lead Bank Scheme and Service Area approach, al bait at the cost of efficiency. The reforms helped cleaning up the bank balance sheets, introduced asset liability management, prudential management, and better and responsible customer service. Within fourteen years, they became symbols of inefficiency reflected in large accumulation of non-performing assets NPA.

Inclusive banking approach, post A led to the creation of banking correspondents BCs, Small Finance Banks, Small Payment Banks. While in 1991 there were 76 scheduled commercial banks, excluding the regional rural banks and The decadal data between 2000 and 2020 indicates growth in advances in both private and public sector banks and their NPAs too. However, to expect banks to lend without NPAs will be amounting to calling on banks to give up risk appetite. Also, creating mega banks and Bad Bank would extinguish neither their toxic assets nor reduce their losses. The government ignored the experience of the 2008 recession that warned of big to fail banks would demand more resources from the exchequer than earlier, when they created the monolithic SBI and merged major PSBs to be just ten now from 28 in 1991. Private Banks.