

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3743
ANSWERED ON:11.12.2009
PSBs CAPITAL
Ponnam Shri Prabhakar

Will the Minister of FINANCE be pleased to state:

- (a) the details of capital demands of Public Sector Banks (PSBs) in the country including Andhra Pradesh;
- (b) the status of demands, State-wise; and
- (c) the details of BASEL-N norms in this regard?

Answer

The Minister of State in the Ministry of Finance(Shri Namo Narain Meena)

(a) to (c) : All commercial banks in India (excluding Regional Rural Banks (RRBs) and Local Area Bank (LABs) have become Basel II compliant as on March 31, 2009. To begin with, the Standardised Approach for Credit Risk, Basic Indicator Approach for operational risk and Standardised Duration Approach for market risk have been implemented in India. However, the implementation of advanced approaches under the Basel II framework is expected to bring about the up-gradation of risk management framework and also capital efficiency to the Indian banking system. As per Basel II norms implemented by Reserve Bank of India (RBI), the banks are required to maintain, on an ongoing basis, a Capital to Risk-weighted Assets Ratio (CRAR) of 9% and Tier I CRAR of 6%, All public sector banks are adequately capitalized and Basel II compliant.