

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4789

ANSWERED ON:23.04.2010

INFUSION OF CAPITAL IN BANKS

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**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government is considering to come to the rescue of the Regional Rural banks (RRBs) / Public Sector banks (PSBs) by infusing capital in order to have a minimum Tier I capital adequacy ratio;
- (b) if so, the details thereof;
- (c) whether the Government has approached the World Bank for this purpose;
- (d) if so, the details thereof and the quantum of finance expected to be raised for this purpose; and
- (e) the names of the PSBs that are to be given assistance in this way?

**Answer**

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

- (a) & (b): The Government proposes to infuse capital in the Regional Rural Banks to strengthen them so that they have adequate capital base to support increased lending to the rural economy. Besides this, the Government also proposes to infuse capital in the Tier-I instruments of the Public Sector Banks (PSBs) during the year 2010-11.
- (c) & (d): To meet the capital requirements, the Government has negotiated with the World Bank for two Banking Sector Support Loans (BSSL) totaling US\$ 3.2 billion. Formalities in respect of the first tranche of US\$ 2 billion loan have already been completed and the fund is available for drawdown.
- (e): For the year 2010-11, the Government proposes to provide a sum of Rs.16,500 crore to ensure that the PSBs are able to attain a minimum 8 per cent Tier-I capital by March, 2011. However, the exact amount, mode of capitalization and other terms and conditions would be decided in consultation with the banks at the time of infusion.