

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2695

ANSWERED ON:09.12.2011

CAPITAL TO PSBS BANKS

Aaron Rashid Shri J.M.;Bajwa Shri Partap Singh;Bhadana Shri Avtar Singh;Botcha Lakshmi Smt. Jhansi;Owaisi Shri Asaduddin;Patil Shri C. R. ;Sugumar Shri K.

Will the Minister of FINANCE be pleased to state:

- (a) whether to meet the working capital requirement of banking institutions, the Government has infused a sum of Rs. 6000 crores in public sector banks (PSBs) in this fiscal;
- (b) if so, the details thereof;
- (c) whether the Government has appointed any committee to examine the capital requirement of the said banks in future in order to maintain their minimum Capital Adequacy Ratio(CAR) under Basel 111 norms, if so, the details thereof;
- (d) whether the Government proposes to allow the said banks to use innovative fund raising tools like differential voting rights shares (DVRs) and golden shares; and
- (e) if so, the details thereof and the reasons therefor?

Answer

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

(a) & (b): In order to maintain a minimum Tier I Capital to Risk-weighted Assets Ratio (CRAR) of 8 per cent as on 31.03.2012 in Public Sector Banks, Government has made a provision of Rs. 6000 crore in the Union budget for the year 2011-12. Modalities of capital infusion are being finalized.

(c) & (d): Yes, Sir. With the approval of Finance Minister, a High Level Committee has been constituted on 15.09.2011 under the Chairmanship of Finance Secretary with Secretary(Expenditure), Secretary(Economic Affairs), Chief Economic Advisor, Ministry of Finance and Secretary (Financial Services) as members to assess the need for capitalization of various financial institutions including banks for next 10 years; to explore various possible options to raise resources to capitalize these financial institutions, to appreciate global experience of various governments, in particular, in developing countries to meet such capitalization requirements, and to analyze suggested / preferred mode of capitalization and recommendations on regulatory and fiscal issues, if any, related to that.

(e): The Committee is yet to finalise its report.