

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:875

ANSWERED ON:24.07.2015

Capital Requirement of Banks

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

- (a) whether the Government has made any assessment of capital requirement of Public Sector Banks (PSBs), if so, the details thereof;
- (b) whether the Government has received any representations of Public Sector Banks (PSBs) in this regard, if so, the details thereof;
- (c) whether the Government has allowed PSBs to raise upto Rs. 1.60 crores from market by dilute Government holding to 52% in phases to meet Basel III capital adequacy norms; and
- (d) if so, the details thereof along with the steps taken / being taken by the Government in this regard?

**Answer**

The Minister of State in the Ministry of Finance

(SHRI JAYANT SINHA)

(a) & (b) The Government is making an assessment of capital needs of Public Sector Banks (PSBs), however, earlier assessment of capital requirement of PSBs was Rs.2,39,720 crore during 2015-19. PSBs have sent their projected capital requirement to the Government for the next four years.

(c) & (d) Yes. The Government has taken a decision to allow PSBs to raise capital from market through Follow-on Public Offer (FPO) or Qualified Institutional Placement (QIP) and in the process bringing down the Government's shareholding upto 52%, as to decrease bank's reliance on Government infusion. Given the present level of Government's shareholding in these banks which ranges from 57% to 85%, there is substantial room for raising equity from the market without diluting the public sector character.

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