

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2041

ANSWERED ON:31.07.2015

Capital Adequacy Norms

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Will the Minister of FINANCE be pleased to state:

- a) whether the Government has given any direction to the Reserve Bank of India (RBI) regarding provisioning norms of Public Sector Banks (PSBs) against their Non Performing Assets (NPAs) enhancing the quantum provision from the existing norms;
- (b) if so, the details thereof along with the percentage of provision made from the current year and implications of affecting profitability to their capital vis-a-vis their capital;
- (c) whether the Government has any proposal to release/ infuse money to the PSBs to maintain capital adequacy norms as per Basel Committee recommendations and if so, the details thereof along with the amount provided to various banks;
- (d) whether the Government have encouraged the banks to take commercial decisions and mobilise capital from the market to meet their capital needs; and
- (e) 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): Considering the need for banks to make higher specific provisions as part of the prudential provisioning framework, Reserve Bank of India enhanced provisioning norms of Non Performing Assets (NPAs) as per their Circular DBOD. No. BP.BC. /21.04.048/2011-12 dated May 18, 2011. Details of rates of provisioning for Non-Performing Assets applicable before and after the date of the circular are at Annexure.

(c): The Government is making an assessment of capital needs of Public Sector Banks (PSBs).

(d) & (e): Yes, Madam. Government has issued order dated 10.12.2014 allowing PSBs to raise capital from markets through Follow-on Public Offer (FPO) or Qualified Institutional Placement (QIP) by diluting Government of India holding upto 52% in phased manner based on their stock performance, liquidity, market appetite etc.
