

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA

UNSTARRED QUESTION NO. 1974

TO BE ANSWERED ON THE 21ST DECEMBER 2018/ AGRAHAYANA 30, 1940 (SAKA)
Infusion of Funds and Basel-III Norms

1974. SHRI MALYADRISIRAM:

SHRIRATTANLAL KATARIA:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government will infuse Rs. 42,000 crore in the State-owned banks by March end and the next tranche would be released as early as next month and if so, the details thereof;
- (b) whether the Government had earlier declared Rs. 2.11 lakh crore capital infusion plan to strengthen the banks and if so, the details thereof;
- (c) whether the Reserve Bank of India (RBI) decided to defer the deadline for State-owned banks to meet the global norms or Basel-III requirement by a year till March 2020 and if so, the details thereof; and
- (d) the steps being taken by the Government in this regard and for successful realization of infusing fund in the banks?

ANSWER

Minister of State in the Ministry of Finance
(SHRI SHIV PRATAP SHUKLA)

(a) to (d) Government, in October 2017, announced its decision to recapitalise Public Sector Banks to the tune of about Rs. 2,11,000 crore, through capital infusion by the Government amounting to Rs. 1,53,139 crore over the financial years (FYs) 2017-18 and 2018-19, and the balance through mobilisation of capital from the market. Pursuant to this, Rs. 88,139 crore was infused in the second half of FY 2017-18, and budget provision for the balance amount of Rs. 65,000 crore has been made for this purpose in the 2018-19 budget, out of which Rs. 22,904 crore has been infused in banks. Currently the Government has unspent Budget provision of Rs. 42,096 crore available for infusion in the remainder of current financial year 2018-19.

As per Master Circular- Basel III Capital Regulations, July 2015 issued by the Reserve Bank of India (RBI), all scheduled commercial banks were required to maintain a Capital Conservation Buffer (CCB) of 1.875% of their Risk-weighted Assets (RWAs) by March 2018 and 2.5% of their RWAs by March 2019. RBI has issued a press release dated November 19, 2018, which states that RBI's Central Board has agreed to extend the transition period for implementing the last tranche of 0.625% under CCB, by one year, i.e., up to March 31, 2020.
