

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

UNSTARRED QUESTION NO. 2485

TO BE ANSWERED ON THE 8TH JULY 2019/ ASHADHA 17, 1941 (SAKA)

Capital Shortage in PSBs

2485. SHRISANJAY SADASHIV RAOMANDLIK: SHRIBIDYUT BARANMAHATO:
SHRIGAJANANKIRTIKAR: SHRISUDHEERGUPTA:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Public Sector Banks (PSBs) are suffering from shortage of capital, if so, the details thereof and the reasons therefor;
- (b) whether the Government proposes to infuse fresh capital and add the prospect of higher loan growth to attract investors and if so, the details thereof;
- (c) whether the State Bank of India has deferred its plans to raise money through a Qualified Institutional Placement Issue and if so, the details thereof and the reasons therefor; and
- (d) whether PSBs are heavily dependent on Government capital due to bad loans and if so, the details thereof along with the corrective measures taken/being taken by the Government in this regard?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI ANURAG SINGH THAKUR)

(a): As per RBI guidelines, banks in India are required to maintain a minimum Capital to Risk-weighted Assets Ratio (CRAR) of 9%. As on 31.3.2019, all 18 Public Sector Banks (PSBs) meet this minimum CRAR requirement.

(b): In the Union budget for the financial year 2019-20, Government has proposed to make provision for infusion of Rs. 70,000 crore capital to PSBs to boost credit for a strong impetus to the economy.

(c): As per inputs received from State Bank of India, bank has obtained approval for raising equity capital of up to Rs. 20,000 crore from the market by way of Qualified Institutional Placement (QIP) or other modes till 31.3.2020.

The bank has further informed that at present it is well capitalised, with CRAR of 12.72% as on 31.3.2019 against regulatory requirement of 11.325% and, depending upon the requirement, it would decide on raising capital at an appropriate time during the financial year.

(d): PSBs source capital through internal capital generation, mobilisation of capital from markets, and infusion by the Government. Thus, capital infusion by the Government complements PSB's internal capital generation and mobilisation of capital from markets. During the period from financial year (FY) 2008-09 to FY 2018-19, PSBs have mobilised Rs. 2,81,616 crore of capital through sources other than Government, and have posted net profit of Rs. 98,373 crore, of which a sizeable proportion has contributed to internal capital generation. During the same period, Government has infused capital of Rs. 3,15,721 crore in PSBs.
