

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 4186

To be answered on the March 27, 2023/Chaitra 6,1945 (Saka)

Capital Infusion in PSBs

4186. SHRI MARGANI BHARAT:

Will the Minister of FINANCE be pleased to state:

- (a) the details of capital infused in Public Sector Banks (PSBs) during the last five years;
- (b) whether the Government has reviewed the effects of such capital infusion in PSBs;
- (c) if so, the details thereof and if not, the reasons therefor;
- (d) whether the Government is planning further support and capital infusion for weak PSBs; and
- (e) if so, the details thereof and if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(DR. BHAGWAT KARAD)

(a) to (e): Banks require capital on an ongoing basis for both business growth and meeting regulatory norms. Government has infused capital in Public Sector Banks (PSBs) from time to time to supplement their efforts to meet capital requirement. Total amount of recapitalisation of PSBs during last five years (FY2017-18 to FY 2021-22) amounts to Rs 2,86,043 crore.

Enabled by upfront capital infusion by the Government and implementation of comprehensive reforms, the financial health of PSBs has improved significantly, enhancing their ability to raise capital (in the form of both equity and bonds) from the market. Since FY 2017-18, PSBs have mobilised capital of Rs. 2,64,002 crore from the market. Improvement in financial health of PSBs is reflected in the following:

- (i) All-time high annual net profit of Rs. 66,540 crore was recorded during FY2021-22, with all the PSBs turning profitable. Further, record net profit of Rs.70,167 crore has been registered during first 9 months of the FY2022-23.
- (ii) Asset quality has improved significantly, with Gross NPA and Net NPA ratios reducing from 14.58% and 7.97% in March 2018 to 5.53% and 1.45% in December 2022, respectively;
- (iii) Capital to Risk-weighted Assets Ratio (CRAR) has improved from 11.66% in March 2018 to 14.45% in December 2022, and
- (iv) Provision Coverage Ratio (PCR) has improved from 62.71% in March 2018 to 89.91% in December 2022.

As on 31.12.2022, CRAR of PSBs are well above the regulatory requirement. All the PSBs have now come out of the RBI's Prompt Corrective Action (PCA) framework. In view of strong capital position of the PSBs and their ability to raise capital from the market, no recapitalisation requirement for PSBs is envisaged currently.
