

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

UNSTARRED QUESTION NO. 68

TO BE ANSWERED ON THE 11TH DECEMBER 2018/ AGRAHAYANA 20, 1940 (SAKA)

Relaxation of norms for PSBs under PCA framework

68. SHRI SANJAY SINGH:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that a board meeting between Government and RBI officials was held on 19th November, 2018;
- (b) whether it is also a fact that the decision to relax some of the norms for Public Sector Banks (PSBs) under Prompt Corrective Action (PCA) framework has been taken to allow credit flow in market;
- (c) if so, justification behind such a move considering weak PSBs which still do not have access to significant amount of capital; and
- (d) which of these banks have yet complied to 11.5 per cent current adequacy ratio and what steps have been taken to ensure the compliance of all 11 Banks under PCA framework?

ANSWER

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

(a) to (d): As per input received from Reserve Bank of India (RBI), its Central Board met on November 19, 2018 and agreed to extend the transition period for implementing the last tranche of 0.625% under the Capital Conservation Buffer (CCB) by one year, *i.e.*, up to March 31, 2020. With regard to banks under PCA, it was decided that the matter will be examined by RBI's Board for Financial Supervision (BFS).

RBI has informed that banks placed under the PCA framework are monitored closely and their performance reviewed on quarterly basis. The Capital to Risk-weighted Assets Ratios (CRAR) of 11 PSBs at the end of financial year 2017-18 are at Annexure.

Rajya Sabha USQ No. 68 regarding "Relaxation of Norms for PSBs under PCA framework"**Capital to Risk Weighted Assets Ratios (CRAR) of PSBs placed under the PCA framework, as on 31.3.2018**

Banks	CRAR
Allahabad Bank	8.68%*
Bank of India	12.94%
Bank of Maharashtra	11.00%
Central Bank of India	9.04%
Corporation Bank	9.23%
Dena Bank	11.09%
IDBI Bank Limited	10.41%
Indian Overseas Bank	9.25%
Oriental Bank of Commerce	10.50%
UCO Bank	10.94%
United Bank of India	12.62%

*Bank's capital shortfall of Rs 463 crore for complying with the regulatory minimum CRAR requirement of 9% was met through infusion of capital by the Government of India of an amount of Rs 1,790 crore, before declaration of the first quarter results of the bank, in the current financial year.
