

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

UNSTARRED QUESTION NO. 767

TO BE ANSWERED ON THE 14<sup>TH</sup> DECEMBER 2018/ AGRAHAYAN 3, 1940 (SAKA)

Capital Requirement of Banks

767. DR. K. GOPAL:

Will the Minister of FINANCE be pleased to state:

- (a) whether the State run banks require an urgent Rs. 1.2 lakh crore in capital in the next five months and the Government will have to take a bulk of the tab due to the weak market valuations of these Non Performing Assets (NPA) saddled banks;
- (b) if so, the details thereof;
- (c) whether the Government had already used up over 95 per cent of the deficit target or the market borrowings as of October, 2018; and
- (d) if so, the details thereof?

ANSWER

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

(a) and (b): Government of India (GoI) announced recapitalisation of Public Sector Banks (PSBs) to the tune of Rs. 2.11 lakh crore in October 2017, through infusion of capital by the Government and raising of capital by banks from the markets. PSBs meet their capital requirement through various sources including, *inter alia*, mobilisation of capital from the market through issuance of capital instruments and monetisation of non-core assets, internal capital generation including through recovery in written-off accounts, and capital infusion by the Government. Rs. 88,139 crore was infused by the Government in PSBs during financial year 2017-18 after the recapitalisation announcement and provision of Rs. 65,000 crore has been made in the budget for the current financial year for infusion. Since the recapitalisation announcement till November 2018, PSBs have been recapitalised to the tune of Rs. 1,28,861 crore through infusion and mobilisation of capital from the market.

(c) and (d): Department of Economic Affairs has informed that the fiscal deficit figure shown in monthly accounts during a financial year is not necessarily an indicator of the fiscal deficit for the year as it gets impacted by temporal mismatch between flow of non-debt receipts and expenditure up to that month on account of various transitional factors, both on receipt and expenditure side, which may get substantially offset by the end of the financial year.

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