

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

UNSTARRED QUESTION NO. 30

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

Review of PSBs under PCA

30. SHRI KANAKAMEDALA RAVINDRA KUMAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that Reserve Bank of India (RBI) had undertaken review of more public sector banks under Prompt Corrective Action (PCA) framework;
- (b) if so, the details thereof; and
- (c) the details of the outcome of the PCA undertaken by RBI, Bank-wise?

ANSWER

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

(a) to (c): As per inputs received from Reserve Bank of India (RBI) in this regard, performance review of commercial banks (including PSBs) is an ongoing process. A bank is placed under PCA framework based on the audited financial results and supervisory assessment made by RBI. Certain risk thresholds have been defined, breach of which result in invocation of PCA and various mandatory and discretionary actions. Banks placed under PCA are monitored closely and their performance is reviewed on quarterly basis.

The key areas for monitoring banks under the revised PCA framework are capital, asset quality and profitability while leverage is monitored additionally as part of PCA framework. The indicators tracked for capital, asset quality and profitability are CRAR/Common Equity Tier 1 ratio, Net NPA ratio and Return on Assets respectively. Certain risk thresholds have been defined, breach of which result in invocation of PCA and various mandatory and discretionary actions.

Currently, 12 banks are placed under PCA *viz.*, Allahabad Bank, Bank of India, Bank of Maharashtra, Central Bank of India, Corporation Bank, Dena Bank, IDBI Bank Limited, Indian Overseas Bank, Oriental Bank of Commerce, UCO Bank and United Bank of India. Dhanlaxmi Bank is the only private sector bank under PCA.
