

Govt. unveils bank recapitalisation plan

In financial year 2017-18, the recapitalisation amount for PCA banks would be Rs. 52,311 crore, of which the largest beneficiaries include IDBI (Rs. 10,610 crore), Bank of India (Rs. 9,232 crore), UCO Bank (Rs. 6,507 crore), and Central Bank of India (Rs. 5,158 crore).

The recapitalisation amount for non-PCA banks for this year is Rs. 35,828 crore, with the largest beneficiaries being State Bank of India (Rs. 8,800 crore), Punjab National Bank (Rs. 5,473 crore), and Bank of Baroda (Rs. 5,375 crore).

Mr. Kumar said the recapitalisation amount for PCA banks would be used for support to maintain their regulatory capital requirements, and to strengthen their governance and operations. The amount for non-PCA banks is to be used for investment in growth capital.

“As far as we are concerned, we are adequately capitalised at this point in time and don’t really need the capital,” said P.K. Gupta, Managing Director of State Bank of India.

“We raised capital from the market this financial year. As the Finance Minister said, this will help us fund growth.”

Economic Affairs Secretary Subhash Chandra Garg said recapitalisation bonds would not have an impact on the fiscal deficit as they would be “cash neutral.”

“There is no fiscal impact of bond issuance to banks,” Mr. Garg said. “These will be swap deals and cash neutral. There is not going to be a public issue.”

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