

PCA: Ministry to appraise bank heads

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The Finance Ministry would soon initiate a performance review of heads of public sector banks that are under the RBI's Prompt Corrective Action (PCA) as part of the reform process, official sources said.

So far, the Reserve Bank has put 12 public sector banks under watch in view of poor performance on parameters such as high levels of non-performing assets (NPAs), low capital level and low return on assets.

These parameters indicate the financial health of banks and a need to initiate remedial measures to put them on the right course. The government has committed adequate funds, they said, adding that now these banks have to prove their mettle on the NPA front.

If these lenders "perform extraordinarily", they will be rewarded, sources added. The list includes IDBI Bank, Central Bank of India, Indian Overseas Bank, Dena Bank, Allahabad Bank and Bank of India. In the Reforms Agenda for Responsive & Responsible PSBs, the government had committed Rs. 52,311 crore for the 12 banks under PCA.

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