

Recapitalisation need of the hour: SBI chief

Bankers have hailed the Union government's decision to infuse Rs. 2.11 lakh crore in public sector banks, saying the move is the need of the hour.

"This milestone announcement on recapitalising banks in one go is a bold and courageous move and is indeed the need of the hour," Rajnish Kumar, Chairman, State Bank of India, said.

"It will generate balance in overall demand and supply by bringing more investments in sectors like infrastructure. These funds will also help in efficiently managing risk and credit capital related requirements of the banks," he said.

Sharp rise in stressed assets in the past three years have eroded capital of state-run lenders, which share a disproportionate burden of the bad loans.

The move also comes as a relief for banks facing a corrective action of the RBI following deterioration of assets quality and other financial parameters.

Karthik Srinivasan, group head, Financial Sector Ratings, ICRA, said the infusion of funds would provide the capital required to absorb losses due to non-performing assets.

"Most likely, the recapitalisation bonds are likely to be subscribed by the banks ...," he said.

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