

FinMin to soon infuse Rs 14,500 cr in banks under PCA: Report



The [finance](#) ministry is likely to infuse Rs 14,500 crore mainly in the banks that are under the RBI's prompt corrective action framework in the next few days to improve their financial health.

Indian Overseas Bank, Central Bank of India and UCO Bank are currently under this framework that puts several restrictions on them, including on lending, management compensation and directors' fees.

The ministry has almost finalised its names of probable candidates for capital infusion, sources said.

The infusion will be made in the next few days, the sources said, adding the biggest beneficiary of this round of capital infusion would be the banks that are under the prompt corrective action (PCA).

The capital infusion will help these banks to come out of the Reserve Bank of India's enhanced regulatory supervision or PCA framework.

Most of the large state-owned lenders -- including State Bank of India, Punjab National Bank, Bank of Baroda, Canara Bank, Union Bank of India, and Indian Bank -- have already raised money from various market sources, including share sale on a private placement basis.

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For the current financial year, the government had allocated Rs 20,000 crore for capital infusion into the PSBs for meeting the regulatory requirement.

Among the 12 PSBs, Punjab & Sind Bank was given Rs 5,500 crore in November last year

Parliament had in September approved the Rs 20,000 crore capital infusion in the PSBs as part of the first batch of Supplementary Demands for Grants for 2020-21.

Earlier this week, LIC controlled IDBI Bank was removed from the RBI's PCA framework after a gap of nearly four years on improved financial performance.

The Reserve Bank of India (RBI) had placed IDBI Bank under the PCA framework in May 2017, after it had breached the thresholds for capital adequacy, asset quality (net NPAs was over 13 per cent in March 2017), return on assets and the leverage ratio.

The performance of IDBI Bank was reviewed by the Board for Financial Supervision (BFS) in its meeting held on February 18, 2021.

It was noted that as per published results for the quarter ending December 31, 2020, the bank is not in breach of the PCA parameters on regulatory capital, net NPA and leverage ratio, the RBI had said.

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