

Business Standard

Capital infusion won't solve banks' woes, say analysts

Timing good but money not enough for lenders to grow business

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The government's decision to recapitalise public sector banks is on expected lines but not enough to prod banks to grow their book and cover the capital erosion caused by ballooning bad debts. However, it does give a signal to the lenders that they can continue with their book-cleaning exercise, said analysts. The government said it would infuse Rs 22,915 crore of capital in 13 banks, including Rs 7,575 crore in State Bank of India. This was lower than the Rs 25,000 crore the government had originally planned. But, the allocation also included Rs 3,100 crore to Indian Overseas Bank ...