

Most PSBs didn't meet performance target to qualify for recapitalisation

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NEW DELHI: The [finance ministry](#) today said it has not provided the entire amount towards capital infusion in [public sector banks](#) as most of them failed to meet the performance target.

As part of [Indradhanush Plan](#) to revitalise state-owned lenders, the [government](#) had proposed to infuse Rs 70,000 crore out of [Budgetary Allocations](#) in them.

The plan envisaged Rs 25,000 crore each in 2015-16 and 2016-17 and Rs 10,000 crore each in 2017-18 and 2018-19.

So far, it has infused Rs 51,858 crore in public sector banks ([PSBs](#)).

The government allocated Rs 22,915 crore in 13 PSBs during 2016-17 under the first tranche of capital infusion out of which Rs 16,414 crore or 75 per cent was given upfront.

"The remaining amount was to be infused based on the performance of the respective PSBs.



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"However, none of the banks could achieve the set targets and therefore, the remaining 25 per cent of the allocated capital has not been released so far," the ministry said.

The PSBs in which capital infusion was made in 2016-17, include State Bank of India, Punjab National Bank, Canara Bank and Bank of

India.

Earlier this year, Finance Minister Arun Jaitley had announced a Rs 2.11 lakh crore capital infusion in PSBs, including Rs 1.35 lakh crore worth recapitalisation bonds.

As per sources, the government is working on the modalities for issuing the recapitalisation bonds as it aims to front-load the infusion with an aim to strengthen the state-owned banking sector.

The 21 PSBs together account for about 70 per cent of the market share.

The Nifty PSU index was down 1.15 per cent on the National Stock Exchange (NSE).