

# Social media reports on closure of some public sector banks are false, baseless: IBA

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**Mumbai, July 24:** Indian Banks' Association, the self-regulatory body of banks in the country, has termed as false and baseless reports doing the rounds in social media about the adverse financial strength and future of some public sector banks arising out of Reserve Bank of India's prompt corrective action (PCA).

The Association said the PCA framework, which has been in existence since 2002, has been initiated by the RBI in respect of some public sector banks where certain thresholds on capital and asset quality have been breached.

"The corrective measures under PCA will help improve the overall performance of these banks. IBA assures the general public and depositors that there is no cause for fear or panic and they should not fall prey to false reports and their money is safe," the Association said in a statement.

The RBI has so far initiated PCA for Indian Overseas Bank, IDBI Bank, UCO Bank, Dena Bank, Central Bank of India, and Bank of Maharashtra. PCA has been initiated in view of high net non-performing assets and negative return on assets of these banks.

Referring to misinformed communication circulating in some sections of media including social media, the RBI, on June 5, emphasised that the PCA framework is not intended to constrain normal operations of the banks for the general public.

"The Reserve Bank, under its supervisory framework, uses various measures/tools to maintain sound financial health of banks. The PCA framework is one such supervisory tool, which involves monitoring of certain performance indicators of the banks as an early warning exercise and is initiated once such thresholds as relating to capital, asset quality, etc. are breached," the RBI said.

The objective of PCA is to facilitate the banks to take corrective measures, including those prescribed by the Reserve Bank, in a timely manner, in order to restore their financial health.

The framework also provides an opportunity to the Reserve Bank to lend focussed attention on such banks by engaging more closely with the management in those areas.

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