

Capital infusion for PSBs to propel economic activities: SBI

New Delhi, Oct 24 (PTI) The unprecedented Rs 2.11 lakh crore capital infusion road map announced by the government today for the public sector banks will trigger economic activities, said SBI Chairman Rajnish Kumar.

"This milestone announcement on recapitalising banks in one-go is a bold and courageous move and was indeed the need of the hour. It will generate balance in overall demand and supply by bringing more investments in sectors like infrastructure," he said.

These funds will also help in efficiently managing risk and credit capital related requirements of the banks, he said.

"The steps will also encourage private participation, thus boosting growth going forward. The thrust to infrastructure will generate direct and indirect positive cascading effects for lot of related sectors and will create feel good factor for all stakeholders," he said.

“ Commenting on the decision, Brickwork Ratings said it is a credit positive step for the NPA plagued sector and credit profile to improve significantly.

This step should be monitored by enforcing strict conditions for banks to optimally utilise the allocated funds, have clear targets to reduce NPAs and develop strong balance sheet moving ahead, it said.

A study in early January 2017, Brickwork Ratings had projected Rs 2 lakh crores as the required amount for capitalisation for PSBs by 2018-19.

Today's announcement by the government reflects the prudent step it has taken to address this issue, it said.

”

Source: PTI DP BAL