

F.No.11/ 13 /2011: BOA
Government of India
Ministry of Finance
Department of Financial Services

Jeevan Deep Building, Parliament Street
New Delhi, 19th July, 2012

To

The Chairman, SBI
All CMDs of Nationalised Banks and IDBI Bank

Subject: Allocation of capital for 2012-13 in Public Sector Banks-preparation of Plan-reg.
Sir,

I am directed to state that Government is committed to keep all the Public Sector Banks (PSBs) adequately capitalised so as to ensure that the credit needs of productive sectors of our economy are adequately met. However, with the implementation of RBI Capital Regulation norms on Basel-III from 1st January, 2013, there is a pressure on banks to have more equity capital. Series of workshops have been organised on optimisation of capital. It is, therefore, felt that there is an urgent need to devise a robust strategy/plan for optimal utilisation of capital available with the PSBs.

2 With this objective in view, you are requested to review the following and prepare a plan for capital optimisation; and thereafter assess the capital requirement of your bank.

- i) Investment in Joint Venture / Subsidiaries / Wholly-owned subsidiaries except trading investments.
- ii) Recoveries against loss assets (as on 31st March, 2012).
- iii) Profitability of 2012-13 as per Memorandum of Understanding.

3 The plan so prepared should be placed before the Board of the bank for approval and copy of the same be sent to this Department. The Board approved plan will be discussed by DFS with the management of the bank in meeting / through video conference between 15th to 31st August, 2012 in order to finalise the additional capital allocation, if required.

Yours faithfully,

Sd/-
(M.M. Dawla)
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