



DO No. 11/5/2012-BOA

3rd May, 2012

Dear Shri Singh,

As you are aware that in the current macroeconomic environment where banks globally are facing a capital crunch, prudent capital utilisation and optimisation will become extremely critical. For Indian banks, capital optimisation will be more critical to support the growth in the banking sector and be competitive in local and global markets. It will also support Indian banks in meeting the regulatory requirements from Basel II and Basel III. In this context the campaign conducted by this Department for capital conservation in PSBs during December, 2011 under the supervision of high level functionaries of the respective banks has yielded a moderately positive results in most of the banks.

2. In its endeavor towards the goal of achieving optimum utilization of the scarce resources of the banks and also to conserve capital, this Department is organizing a series of workshops on optimization of capital. The workshops shall be conducted with the support of McKinsey & Company. A proposal dated 7th April, 2012 received from McKinsey & Co. on proposed Capital Optimisation Workshops is enclosed at **Annexure-I**. The objectives of the workshop are to:

- Raise awareness about capital optimisation and lay the foundation for industry level capability building
- Outline capital requirements with changes in regulations (Basel II and III)
- Identify specific ideas and actions for banks to consider
- Highlight implementation challenges and share learning from similar experiences
- Enable banks to create an initial action plan

3. It would be extremely helpful to have one ED / MD / CGM in case of Associate banks of SBI, one GM and one DGM from each bank in the workshop. Preferably, the GM and the DGM can be from Risk or Finance Division. Regional Director from RBI may

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be nominated to participate in the workshop. The workshop will be conducted at three locations, viz., Mumbai, Bangalore and Delhi. Each location will have three workshops over a period of 3 months. The dates and timing for specific banks are at Annexure II.

4. I request you to send the nominations of officers as mentioned above by 7th May, 2012 and while nominating it may please be ensured that the officers so nominated shall be available for all the three workshops.

With regards,

Encl: as above.

Yours sincerely,



(D.K. Mittal)

Shri
Chairman & Managing Director
All Public Sector Banks.