

## **The Government of India announces details of Bank recap and Comprehensive Reform Plan**

The Government of India unveiled details of the re-capitalisation of Public Sector Banks (PSBs) announced in October, 2017. The capital infusion plan for 2017-18 includes Rs.80,000 crore through Recap Bonds and Rs.8,139 crore as budgetary support. This plan addresses regulatory capital requirement of all PSBs and provides a significant amount towards growth capital for increasing lending to the economy.

The recap would be accompanied by a strong reforms package across six themes incorporating 30 action points. The reforms agenda is based on the recommendations made at the PSB Manthan held in November, 2017 involving senior management of PSBs and representatives from Government. The reform agenda is aimed at EASE - Enhanced Access and Service Excellence, focusing on six themes of customer responsiveness, responsible banking, credit off take, PSBs as Udyami Mitra, deepening financial inclusion & digitalisation and developing personnel for brand PSB. The overarching framework for the reforms agenda is "Responsive and Responsible PSBs".

Capital infusion by the Government is contingent on performance of PSBs on the reform. Whole Time Directors of PSBs would be assigned theme wise reforms for implementation. Their performance in this regard would be evaluated by the bank Board.

A survey by an independent agency in respect of EASE would be conducted to measure public perception about improvements in access and service quality. Results of the survey shall be made public each year.

Taken together, the recap & reform agenda is sharply focused on strengthening PSBs, increasing lending to MSMEs and making it easier for MSMEs and retail customers to transact as well as significantly increasing access to banking services. It includes a commitment to banking services within 5 kms of every village, refund within 10 days of any unauthorised debit in electronic transactions, a mobile App for locating banking outlets and a mobile ATM in every underserved district.

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**Warm regards,**

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