

Recapitalisation of banks

830. SHRI NARESH AGRAWAL: Will the Minister of FINANCE be pleased to state:

- (a) whether the Public Sector Banks are facing the issue of capital flow;
- (b) if so, the reasons therefor;
- (c) whether Government has provided funds to recapitalize the Public Sector Banks; and
- (d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) The Public Sector Banks (PSBs) are adequately capitalized and are above the required regulatory capital adequacy ratio.

(c) and (d) Government has approved an amount of Rs. 12,517 crore to recapitalize PSBs this year.

Investment by FIIs in PSUs

831. SHRI DEVENDER GOUD T.: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that Foreign Institute and Investor FII to investments for the year ending December, 2012, did not flow much into PSUs in spite of the fact that Government announcement that it would offload its holding in PSUs;
- (b) the reasons that leading PSUs at the year ending December, 2012 failed to compete with private players to attract FII; and
- (c) how much investment PSUs could get out of the total US \$ 24.37 billion investment during the period?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) No Sir. Investment by foreign investors in securities market (both primary market and secondary market) is dependent on their perception of the economy, various sectors and companies. Their perceptions are generally influenced by many factors including the macro-economic environment,

growth potential of the economy, policies of the government, corporate performance, domestic and international events that have a bearing on the markets and sentiments.

As regards ability of PSUs to attract foreign investment in comparison to private sector, it may be noted that the number of listed CPSEs on the Stock Exchanges is relatively small in comparison to more than 5000 listed private sector companies.

Foreign investors' participation has been encouraging in the recently concluded Offer for Sale (OFS) transactions of NMDC Ltd., Oil India Ltd. and NTPC Ltd. In OFS mechanism, all categories of investors are eligible to participate. The shares are allocated on price priority basis. The investors who quote higher price are allocated the shares.

(c) As reported by SEBI, FII's made net investment of Rs.15,007 crore, i.e., USD 2.86 billion equivalent in the equity segment during January 01, 2012 to December 31, 2012 in the BSE PSU Index comprised of 60 PSU companies.

Path of fiscal correction

832. SHRI M. VENKAIAH NAIDU: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Minister has suggested that some bitter medicine is needed to put the economy back on the path of fiscal correction and also address the other issues to spur investment and to remove bottlenecks for infrastructure spending;

(b) whether it is also a fact that current account deficit has widened to record high of 5.4 per cent of GDP; and;

(c) whether it is also a fact that balance of payments is in deficit of \$158 million for the last quarter against surplus of \$ 521 million in the previous quarter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) The Finance Minister has highlighted the criticality of current fiscal and economic situation and the need for various reforms measures towards fiscal consolidation and economic growth.