

(b) In addition to achieving the capital adequacy ratio, the public sector banks have to raise their level of capital for the following reasons also

- 1 With the growth in deposits, funded risk assets and off-balance sheet items would increase commensurately and this would necessitate enhancement in net-worth to comply with capital adequacy norm
- 2 As per the present RBI guidelines on lending under consortium arrangement, the Share of a bank as a member of the consortium should be a minimum of 5 per-cent of the fund based credit limits so as to ensure meaningful participation
- 3 The banks have to also observe the credit exposure norm of 25 percent of the net worth in the case of individual borrowers and 50 percent in the case of group of borrowers

(c) and (d) The names of public sector banks which have gone public during 1993-94 and 1994-95 (so far) and the details of their capital to risk asset ratio before issue and after issue, as reported by RBI are given below

Name of the bank	Capital to risk asset ratio	
	Before Issue	After Issue
1993-94 State Bank of India	4.5%	12.9%
1994-95(so-far) Oriental Bank of Commerce	10.2%	Details of subscription collected, retained etc have not yet been finalised by the bank

The following banks have so far indicated their desire to raise capital from the public during the year 1994-95 or later —

- (1) Bank of Baroda
- (2) Canara Bank
- (3) Corporation Bank
- (4) State Bank of Hyderabad
- (5) State Bank of Travancore
- (6) State Bank of Indore

[Translation]

#### World Bank Loan

\*245 SHRI VINAY KATIYAR  
SHRI HARADHAN ROY

Will the Minister of FINANCE be pleased to state

- (a) the number of projects being implemented in the country with the World Bank loan, State-wise,
- (b) whether the World Bank has offered to provide more loans to India recently,
- (c) if so, the details thereof, and
- (d) the terms and conditions on which the World Bank has agreed to provide such loans?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M V CHANDRASHEKHARA MURTHY)

(a) The number of projects being implemented in the country with the World Bank assistance, State-wise, is as follows

Andhra Pradesh (2), Bihar (1), Gujarat (2), Haryana (1), Karnataka (2), Kerala (1), Maharashtra (8), Orissa (1), Punjab (1), Rajasthan (1), Tamil Nadu (7), Uttar Pradesh (4), West Bengal (1), Multi State (15) and Central Sector (33) and Non-Government Projects (12).

(b) & (c) An amount of US \$ 193 million for Industrial Pollution Control, US \$ 260 million for District Primary Education Project and US \$ 150 million for Andhra Pradesh First Referral Health Systems has been negotiated with the World Bank. However, some more projects in various sectors are in pipeline and are at different stages of negotiations

(d) The proposals for assistance are negotiated on mutually agreeable terms and conditions, specific to individual project proposals. However, IBRD loans are repayable over 20 years with a moratorium of 5 years. The interest rate is variable and is presently about 7.1% with a commitment charge of 0.75% on undisbursed loan. IDA credits are interest free, though a service charge of 0.75% is levied. IDA credits are repayable over 35 years with a moratorium of 10 years.

[English]

#### Writing off Loans

\*246 SHRI LOKANATH CHOUDHURY  
SHRI INDRAJIT GUPTA

Will the Minister of FINANCE be pleased to state

(a) whether the Government are considering making it obligatory on public sector banks to seek approval of Central Vigilance Commission or Special Recovery Tribunals or RBI before writing off or entering into a compromise in respect of loans exceeding Rs 10 lakhs,

(b) if so the present position thereof, and

(c) if not, the steps the Government are contemplating to guard against collusive write-offs/compromises in high value accounts?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M V CHANDRASHEKHARA MURTHY)

(a) No Sir

(b) Does not Arise

(c) RBI has intimated that public sector banks write off loans or enter into compromise settlement on their own judgement. However, RBI has issued detailed instructions to banks which they may have to keep in mind while approving write offs and compromise proposals. Further, during inspections of public sector banks, with reference to the position as on 31st March, 1994, RBI inspectors look into the policy followed by the banks regarding write offs/compromise settlements with special reference to the ten top compromise proposals entered into by them.