

[Translation]

Loan to Industries

545. SHRI PANKAJ CHOWDHARY: Will the Minister of FINANCE be pleased to state:

(a) whether the Government are aware that adequate loan is not being provided to the industries by the banks at the reasonable rate;

(b) if so, the reasons therefor;

(c) whether the Government have formulated any scheme to make available adequate loan to the industries by the banks at reasonable rate; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) and (b) As reported by Reserve Bank of India (RBI), during the current financial year upto June 6, 1997, non-food credit of scheduled commercial banks has declined by Rs. 1,673 crores as against a decline of Rs. 6,253 crore last year. However, banks' investments in commercial paper/bonds/debentures/shares of PSUs/Corporate sector and bills rediscounted have increased by Rs. 2,392 crore upto June 6, 1997 during this year as against Rs. 698 crore upto June 7, 1996 last year. Thus, the total flow of bank funds to commercial sector has increased by Rs. 720 crore during the current financial year upto June 6, 1997 as against a decrease of Rs. 5,555 crore during the corresponding period last year, registering a turnaround of Rs. 6,275 crore.

RBI have further reported that interest rates have shown a definite and perceptible decline since mid-April 1997 across all maturities and instruments, including Dated Government Securities, Treasury Bills, Certificates of Deposits and Commercial Papers, Treasury Bills, Certificates of Deposits and Commercial Papers. The Prime Lending Rates of most banks have been reduced by one to one and a half percentage points.

(c) and (d) In April, 1997 RBI have taken several measures to ensure availability of adequate bank credit to support the growth of the real sector and to ensure that banks brought down the lending rates. According, the banks Rate was reduced from 12.0 per cent per annum to 11.0 per cent per annum and further to 10.0 per cent per annum with effect from the close of business on June 25, 1997.

Measures were also taken by RBI to improve the credit delivery system and flow of resources to industry which include inter-alia withdrawal of stipulation of obligatory consortium system of credit to borrowers with credit limits of over Rs. 50 crore and freedom to banks to assess the working capital requirements of borrowers.

Japanese Assistance

546. SHRI AMAR PAL SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether Japan has offered to give assistance for the development of Indian projects during 1997-98;

(b) if so, the details thereof;

(c) the amount of assistance and by when it is likely to be received; and

(d) the reaction of the Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) Yes, Sir.

(b) The Government of Japan have pledged at the India Development Forum Meeting held in Paris on 24th June, 1997, the OECF loan assistance for 1997-98 for the following projects:-

(Yen million)

Sl. No.	Name of Project	Amount
1.	Simhadri and Vizag Transmission System Project	10,629
2.	Srisaillam Left Bank Power Station Project-III	14,499
3.	Dhauliganga Hydroelectric Power Plant Construction Project-II	16,316
4.	Bakreswar Thermal Power Station Project-II	34,151
5.	Tuticorin Port Dredging Project	7,003
6.	Punjab Afforestation Project	6,193
7.	Madhya Pradesh Sericulture Project	2,212
8.	Manipur Sericulture Project	3,962
9.	Rengali Irrigation Project	7,760
10.	The Small Scale Industries Development Programme-VI	30,000
	Total	132,725

(c) The amount of assistance for each project is as per (b) above. The loan amount would be utilized depending upon the duration of each project which may vary from 3 to 7 years.

(d) The loan agreements for the above projects are expected to be signed sometimes in December, 1997/January, 1998 after conclusion of loan negotiations.

[English]

NTC Mills, Tirupati

547. SHRI K.S. RAYADU: Will the Minister of TEXTILES be pleased to state:

(a) whether the Tirupati Cotton Mills the foremost unit of the National Textiles Corporation in the State of Andhra Pradesh was not functioning for the last six to eight months;

(b) if so, whether the main reason is due to non-supply of cotton;

(c) if so, whether the mill was modernised recently by installing latest machinery of Rs. 10 crores;

(d) if so, the main reasons for not functioning of this textiles mills in Tirupati; and

(e) the steps taken by the Government to make it viable?

THE MINISTER OF TEXTILES (SHRI R.L. JALAPPA):
(a) to (e) The Tirupati Cotton Mill, Renigunta is a unit of NTC (APKK&M). A sum of Rs. 5.83 crores has been spent on modernisation of the mill since nationalisation. This mill has been incurring losses and has not been functioning since December, 1996 due to inadequate modernisation and shortage of working capital. NTC (APKK&M) including Tirupati Cotton Mills was referred to and declared sick by the BIFR. On the basis of the report prepared by the Operating Agency, the BIFR published draft rehabilitation scheme, asking for certain reliefs and concessions from the Government. The last hearing of BIFR which was scheduled to be held in April, 1997 was postponed. Pending approval of the revival scheme by the BIFR, Government has been releasing funds to NTC for payment of wages and salaries to the employees of the mills. A mill wise viability study has been undertaken by the NTC, which is under the consideration of the Government.

Comparative Study of Non-Performing Assets

548. SHRI MADHUKAR SARPOTDAR:

SHRI PRAKASH VISHWANATH PARANJPE:

SHRI SANTOSH KUMAR GANGWAR:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have made any comparative study of the incidence of non-performing assets (NPA) of nationalised banks vis-a-vis private sector banks;

(b) if so, details thereof;

(c) the amount of NPAs of various nationalised banks and private sector banks during the last three years with following details;

(i) Amount of NPAs;

(ii) its percentage in terms of the advance/loan made by the bank;

(iii) its percentage in terms of the profit/loss of the bank;

(iv) the level of recovery, if any;

(d) which sector of national economy broadly account for these NPAs;

(e) whether there has been any failure of prudential norms resulting in growth of NPAs; and

(f) the steps taken or propose to take to bring down the NPAs?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) to (d) The information is being collected and to the extent available will be laid on the Table of the House.

(e) According to Reserve Bank of India (RBI) the prudential norms prescribed by them have facilitated clear identification of NPAs of banks and have acted as a tool to bring transparency to the financial statement of public sector banks. There has been no failure of prudential norms which have resulted in the growth of NPAs.

(f) The following steps have been taken by RBI with a view to reduce NPAs in public sector banks:

1. RBI has advised banks to have documents of loan recovery policy prepared and duly vetted by Board of Directors. The policy prescribes the manner of recovery of dues, targetted level of reduction, norms for permitted sacrifices/waiver etc.

2. Reduction of NPAs through compromise/write-offs, through negotiated settlements to ensure maximum recovery at minimum expense.

3. Two banks have been permitted to set up settlement Advisory Committees headed by a retired Judge of High Court to scrutinise compromise proposals and make objective recommendations.

4. Setting up of Recovery Cells at Head Quarter and fixing of branchwise targets for reduction in NPAs. Performance of branches in recovery to be monitored by Head Quarter on monthly basis and Board of Directors kept informed of the progress on quarterly basis. RBI also monitors reduction of NPAs.

5. Setting up of Recovery Tribunals at Calcutta, Delhi, Bangalore, Ahmedabad, Jaipur, Chennai, Guwahati and Patna and an Appellate Tribunal in Mumbai.

6. Compilation and circulation of list of defaulters suit filed accounts.

7. Review of top 300 NPAs of Public sector banks with special reference to the system prevailing in the banks to fix staff accountability.

[Translation]

Export Promotion Authority in U.P.

549. SHRI D.P. YADAV: Will the Minister of COMMERCE be pleased to state:

(a) whether there has been a good yield of mango this year in the country especially in Uttar Pradesh;