

STATEMENT-V

Union Territory/State-wise schemes under consideration of NABARD under schematic lending

(Rs. in lakhs)			
No.	State/Union Territory	No. of Schemes	Bank Loan (Rs.)
1.	Andaman & Nicobar Islands	3	224.00
2.	Andhra Pradesh	8	5732.00
3.	Arunachal Pradesh	1	100.00
4.	Assam	1	350.00
5.	Gujarat	12	877.66
6.	Haryana	2	916.00
7.	Karnataka	6	940.32
8.	Kerala	2	845.00
9.	Madhya Pradesh	10	814.02
10.	Maharashtra	96	9077.00
11.	Meghalaya	1	1.55
12.	Nagaland	1	69.72
13.	National Capital Territory of Delhi	2	950.00
14.	Orissa	14	1599.14
15.	Rajasthan	5	1384.00
16.	Tamil Nadu	37	8420.69
17.	Uttar Pradesh	18	2316.33
18.	West Bengal	34	3603.17

Assistance from NRF

*288. SHRI T. GOPAL KRISHNA: Will the Minister INDUSTRY be pleased to state:

(a) the total amount of funds sanctioned under National Renewal Funds during the last two years, State-wise;

(b) whether the progress regarding implementation of projects under the above fund is being monitored properly;

(c) if so, the details thereof;

(d) whether any new proposals have been received from various States during the current year; and

(e) if so, the decision taken by the Government in this regard?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN): (a) According to the provisional figures available for the years 1994-95 and 1995-96, a sum of Rs. 251.90 crores and Rs. 217 crores respectively was released under National Renewal Fund for implementation of voluntary retirement scheme in the Central Public Sector Undertakings and for counselling, retraining and redeployment

assistance to the rationalised workers, which are the only approved schemes under National Renewal Fund at present. These allocations are not made state-wise but are given to Central PSUs, Employee Assistance Centres etc.

(b) and (c) The progress regarding implementation of the schemes is monitored periodically in terms of utilisation of funds and physical achievements at various levels, including by the administrative Ministries, the implementing agencies and by the Empowered Authority of the National Renewal Fund through its secretariat.

(d) and (e) Proposal have been received from different sources during the current year for setting up Employee Assistance Centres at some additional locations, which are under consideration.

[Translation]

Non-Performing Assets

*289. SHRI SURENDRA YADAV:
PROF. PREM SINGH CHANDUMAJRA:

Will the Minister of FINANCE be pleased to state:-

(a) whether the non-performing assets in public sector banks are to the tune of Rs. 41,041 crores, Rs. 38,419 crores and Rs. 39,584 crores during 1993-94, 1994-95 and 1995-96 respectively;

(b) if so, the details thereof;

(c) whether some of these amounts have been written off;

(d) if so, the guidelines for writing off such amounts;

(e) the percentage of the loans written off during 1993-94, 1994-95 and 1995-96;

(f) whether the amount lying in non-performing assets is justified; and

(g) if not, the remedial steps taken and guidelines, if any, issued in this regard?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) The quantum of Non-Performing Assets (NPAs) of public sector banks for the last three years is as under:-

(Rs. in crores)

Year	Amount
1993-94	41041.33
1994-95	38385.18
1995-96	39583.94

The bankwise details of NPAs for the last three years is given in the statement attached.

(c) Yes, Sir.

(d) Reserve Bank of India (RBI) has issued instructions laying down the guidelines for writing off of loans. According to these guidelines each bank has to adopt a loan recovery policy duly vetted by its Board of Directors covering the manner of recovery of dues, norms for permitted sacrifices/waiver, decision levels, reporting to higher authorities, examination of staff accountability and monitoring of write off/waiver cases. The banks have also been advised to scrupulously follow the following aspects:

- (i) the authority approving the write-off proposal did not sanction the advance in question in his individual capacity;
 - (ii) that the sanctioning authority in the case of advances had exercised his powers judiciously, and adhered to the guidelines issued by the bank in the matter of grant of advances and that normal term and conditions were stipulated;
 - (iii) that there was no laxity in the conduct and post disbursement supervision of the advances;
 - (iv) that there was no Act of commission or omission on the part of the staff leading to the debt proving irrecoverable; and
 - (v) that all possible steps to recover the dues have been taken and there are no further prospects of recovering the debt and that writing off or compromise is in the larger interest of the bank.
- (e) The total amount written off by public sector banks as a percentage of total advances at the end of the year 1993-94, 1994-95 and 1995-96 is 1.29%, 1.15%

and 0.76% respectively.

(f) The present high level of NPAs in Indian public sector banks is on account of the fact that RBI had introduced from the year 1992-93 prudential norms for classification of advances on the basis of an objective criteria viz. record of recovery. Before that the classification of advances was done under a system of Health Code which contained a high level of subjectivity in implementation. Though the level of NPAs in the initial years was high due to introduction of new prudential norms, but with concerted efforts taken by the banks of percentage of NPAs to total advances of public sector banks as group are showing a declining trend and have declined from 24.78% in 1993-94 to 17.12% in 1995-96 as per details given in the Annexure.

(g) The Government/RBI has been exhorting the banks to reduce their non-performing assets. With the introduction of prudential norms these have been cautious attempts on the part of the banks to keep their NPAs at the minimum. Banks have taken the following steps:

- (1) have evolved loan recovery policy;
- (2) recovery cells have been set up at headquarters;
- (3) recovery targets are set for branches;
- (4) recoveries are monitored at frequent intervals by bank functionaries at various levels;
- (5) have also made efforts to improve their credit appraisal and credit supervision machineries.

The setting up of Debt Recovery Tribunals is expected to help the banks in expeditious recovery of disputed or defaulted dues.

STATEMENT

Position of Non-performing assets

(Amount in Crores)

Name of the Bank	1993-94		1994-95		1995-96	
	Amount	Percentage to total Adv.	Amount	Percentage to total Adv.	Amount	Percentage to total adv.
1	2	3	4	5	6	7
State Bank of India	11604.80	24.36	10926.15	19.98	10553.53	15.96
State Bank of Bikaner & Jaipur	365.92	18.19	400.25	17.21	337.95	12.45
State Bank of Hyderabad	565.00	21.90	554.23	15.75	644.23	15.59
State Bank of Indore	232.65	21.41	199.01	15.28	218.84	14.20
State Bank of Mysore	332.47	21.46	284.48	14.44	328.93	14.45
State Bank of Patiala	305.38	13.09	330.98	11.42	399.71	11.49
State Bank of Saurashtra	231.44	18.92	197.70	12.22	206.49	10.64
State Bank of Travancore	339.29	13.57	377.88	11.10	430.22	11.74
Allahabad Bank	1025.03	24.74	1235.11	26.88	1255.00	23.98

1	2	3	4	5	6	7
Andhra Bank	520.78	23.35	377.65	14.30	332.20	11.61
Bank of Baroda	2630.16	18.77	2689.68	16.58	2840.08	16.16
Bank of India	3772.00	29.96	2961.00	20.66	2434.00	14.49
Bank of Maharashtra	847.67	36.23	734.59	25.71	694.28	21.87
Canara Bank	1653.00	18.22	1523.00	12.93	1633.47	11.11
Central Bank of India	2443.00	35.29	2154.78	24.98	2036.00	20.91
Corporation Bank	259.01	16.41	260.01	11.69	251.83	9.67
Dena Bank	564.00	22.51	557.00	17.34	568.00	13.41
Indian Bank	2040.51	26.79	2102.41	24.09	3140.90	34.15
Indian Overseas Bank	2175.18	37.70	2001.41	26.85	1829.00	20.38
Oriental Bank of Commerce	210.95	8.00	221.94	6.14	271.25	5.68
Punjab & Sind Bank	637.28	31.63	619.32	22.53	725.29	22.56
Punjab National Bank	179.03	21.41	2033.00	17.01	2518.00	18.74
Syndicate Bank	1409.60	29.40	1452.97	27.48	1311.75	20.97
UCO Bank	1961.81	34.61	1745.60	29.40	1840.00	24.54
Union Bank of India	693.49	12.87	695.95	9.41	900.63	9.83
United Bank of India	1509.00	45.95	1309.68	36.90	1503.00	36.04
Vijaya Bank	532.88	26.96	439.40	17.47	545.38	20.36

Local Area Banks

*290. SHRI SANTOSH KUMAR GANGWAR:
SHRI AYYANNA PATRUDU:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government propose to issue licences for operating smaller banks in private sector classified as local area banks with a maximum capital of Rs. 5 crore;

(b) whether the Reserve Bank of India has invited applications for opening of such banks;

(c) if so, the response received so far, State-wise; and

(d) by when the licences are likely to be issued?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (d) With a view to providing an institutional mechanism for promoting rural savings as well as for the provision of credit for viable economic activities in the local areas, it has been decided to allow the establishment of new local area banks in the private sector. The minimum paid up capital of such a bank shall be Rs. 5 crore and the promoters' contribution atleast Rs. 2 crores. The Reserve Bank of India (RBI) had issued guidelines in August 1996 which, inter-alia, stipulated that applications in the form prescribed under Banking Regulation Act, 1949 backed by a project report for the establishment of such

banks should be sent to RBI. RBI have reported that 120 applications have been received by them as on 3.3.1997. The State-wise details are as under:-

Name of the State	No. of Applications received
1. Andhra Pradesh	24
2. Uttar Pradesh	20
3. Gujarat	16
4. Kerala	10
5. Maharashtra	9
6. Rajasthan	4
7. Karnataka	8
8. Madhya Pradesh	3
9. Tamil Nadu	3
10. Goa	2
11. Haryana	6
12. Punjab	5
13. Himachal Pradesh	1
14. Multi State (Area of operation spread over more than one State)	9
120	