

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2649

ANSWERED ON:11.03.2011

LOANS TO COMPANIES

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Will the Minister of FINANCE be pleased to state:

- (a) the details of the loans disbursed to the private sector companies including real estate companies by Life Insurance Corporation of India and Banks during the last three years and the current financial year;
- (b) the details of the recovery of such loans during the said period; and
- (c) the steps taken/proposed to be taken by the Government against the defaulters during the said period?

Answer

Minister of State in the Ministry of Finance (Shri Namu Narain Meena)

(a) to (c) As reported by the Life Insurance Corporation of India (LIC), the quantum of project loan/term loan disbursed to private sector companies including real estate companies during the last three years and the current financial year are as under:

(Rs. in crores)

Year	LIC of India
2007-08	1815.55
2008-09	3393.16
2009-10	2775.94
2010-11	1383.48

LIC has informed that out of the disbursement during the last three years and the current financial year, the payments are regular for all the companies except four defaulting companies. The steps taken or proposed to be taken by LIC, inter-alia includes the following:

- (i) Regular follow up done with the company for recovery of default.
- (ii) Issuance of recall notice informing legal action if the dues are not updated within specified period.
- (iii) In case of companies under the preview of Corporate Debt Restructuring Cell (CDR), attending the meetings and conveying the stand about the course of action to be taken.
- (iv) Depending upon the financial factors, proposals for restructuring / negotiated settlement considered.

The Reserve Bank of India (RBI) has reported that the details of loans disbursed to private companies and recoveries made thereof are not captured under the offsite Surveillance and Monitoring System. However total exposure to Real Estate Sector of Scheduled Commercial Banks and Gross NPA ratio in that sector for the last three years and current year are as under:

Year	Total Exposure of banks to Real Estate Sector (Rs. in crores)	Percentage of NPA in Real Estate Sector
2007-08	450978	1.59#
2008-09	511745	1.69##
2009-10	570139	1.95
2010-2011 (upto 31.12.2010)	675703	1.79

The ratio represents 15 banks covering an exposure 68% of total advances approximately.

The ratio represents 30 banks covering an exposure 87% of total advances approximately.

RBI has intimated that in order to alert the banks and Financial Institutions and put them on guard against the defaulters to other lending institutions, RBI has put in place scheme to collect details about borrowers of banks and Financial Institutions with outstanding aggregating Rs.1.00 crore and above which are classified as "Doubtful" or "Loss" or where suits are filed, as on 31st March and 30th September each year. RBI has also introduced a scheme for periodic collection and dissemination of information on cases of wilful default of borrowers with outstanding balance of Rs.25.00 lakhs and above.