

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1066
ANSWERED ON:05.08.2011
RBI'S NORMS FOR LOANS
Singh Shri Yashvir

Will the Minister of FINANCE be pleased to state:

- (a) the details of norms prescribed by Reserve Bank of India (RBI) regarding loan amount to various PSUs and private companies;
- (b) whether some banks particularly State Bank of India (SBI) has flouted the norms of RBI regarding loan limit and sanctioned loans beyond limit to some private and public sector companies during 2008-09, 2009-10 and 2010-11;
- (c) if so, the details thereof, year-wise and company-wise;
- (d) the reasons for undermining the norms of RBI by public sector banks;
- (e) whether any responsibility has been fixed in this regard;
- (f) if so, the details thereof and action taken against the guilty bank officials; and
- (g) if not, the reasons therefor?

Answer

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

(a) As part of financial sector liberalisation, all the credit related matters of banks have been deregulated by the Reserve Bank of India(RBI) and are governed by the banks' own lending policies. Banks have to consider different loan proposals as per their commercial judgement and merits of each case keeping in view the loan policies approved by their Board of Directors.

(b) to (f): RBI has observed from the Annual Report of the following banks that these banks have exceeded the single borrower exposure limits, the year-wise details of which are given below:-

STATE BANK OF INDIA (Rs. In crore)

Name of the 2008-09 2009-10 2010-11
company

Exposure Limit Exposure Limit Exposure Limit
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Reliance 10,464 13,764 12,809 15,038 13,646 15,815
Industries 10,771 14,130 12,959 14,223 14,072 15,820
Ltd. 13,109 14,305 14,222 15,456

Indian Oil 10,464 10,504 21,348 24,722 22,744 25,296
Corporation 17,441 20,241 21,598 24,131 23,453 25,004
17,915 20,534 21,848 23,603 23,703 25,630

Bharat Heavy - - 12,809 14,070 13,646 16,545
Electricals 12,959 14,154 14,072 16,571
Ltd 13,109 15,961 14,222 16,594

Tata Group	43,196	43,484	-	-
	43,969	44,553		

BANK OF INDIA

Housing	-	-	2,730	2,819	-	-
Development						
Finance						
Corporation						

SIDBI	-	-	-	3,140	3,545
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State Bank of India (SBI) has informed that in exceptional circumstances, RBI has permitted banks to consider enhancement of the exposure to a borrower/ group up to a further 5 percent of capital funds with the approval of the Bank's Board and with the consent of the borrower that he is agreeable to the Bank making appropriate disclosures in its Annual Reports.