

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:141

ANSWERED ON:23.03.2012

LOANS OF TEXTILE INDUSTRY

Choudhry Smt. Shruti; Rao Shri Nama Nageswara

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the textiles industry suffered heavy losses during the last two years;
- (b) if so, the details thereof and the reasons therefor;
- (c) the quantum of loans disbursed by the banks to the textiles sector during the last three years and the current year;
- (d) whether there is any proposal to restructure the loans being provided to the textiles sector in view of the high debt, the present adverse global scenario and also the slump in demand in the domestic market;
- (e) if so, the details thereof and if not, the reasons therefor; and
- (f) the corrective steps taken/being taken by the Government in this regard?

**Answer**

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE)

(a) to (f): A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.141 FOR 23rd MARCH, 2012 REGARDING LOANS OF TEXTILE INDUSTRY, TABLED BY SHRI NAMA NAGESWARA RAO AND SHRIMATI SHRUTI CHOUDHRY.

(a)&(b): Ministry of Textiles has reported that as per the Confederation of Indian Textiles Industry report, out of 287 companies listed in the Bombay stock exchange 122 companies have reported net losses in first Quarter of 2011-12 and 166 companies have shown poorer results compared to previous year. The global slow down and unprecedented volatility in cotton and yarn prices are the main reasons for the losses.

(c): As per RBI data, total outstanding credit of banks to Textile sector as on 27th January, 2012 is ₹ 1,54,480 crore and the credit flow to textile sector during last three years and the current year is as follows :-

(Amount in ₹ crore)

2008-09	2009-10	2010-11	As on Jan 27, 2012
(Year - on- Year)			

Absolute %	Absolute %	Absolute %	Absolute %
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6,297	6.5	18,679	18.2	23,364	19.2	17,386	12.7
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(d)&(e): A proposal was submitted to RBI. RBI has opined that banks can restructure any account and if such restructuring is done within RBI laid down framework, certain asset classification benefits are available to banks. However, banks are free to restructure accounts outside RBI's framework and in such cases, the asset classification benefit will not be available. RBI has viewed that restructuring is an event of default and has not favoured relaxing the prudential guidelines on restructuring for any specific sector or industry.

(f): Government has advised all the Public Sector Banks on 14th February, 2012 to look into each account in the textile sector requiring restructuring and take necessary action to nurture viable accounts within RBI framework for restructuring.