

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1943  
ANSWERED ON:17.07.2009  
OUTSTANDING LOANS OF NATIONALISED BANKS  
Rawat Shri Ashok Kumar

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

- (a) whether any loans of nationalised banks are pending with State Governments;
- (b) if so, the details thereof;
- (c) whether certain nationalised banks have filed their cases in the courts for recovery of the said amount;
- (d) if so, the details thereof; and
- (e) the steps taken / proposed to be taken by the Government for recovery of the said amount?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

- (a) & (b): Banks do not lend directly to State Governments. However, they invest in State Government securities and State Government guaranteed bonds issued by the State Government entities, and lend to the public undertakings / corporate bodies / autonomous entities, with or without the guarantee of State Governments. Some nationalised banks have reported defaults in payment in principal and / or interest in respect of bonds issued by certain State Government entities / public sector undertakings (PSUs).
- (c) to (e): Banks have taken steps for recovery of their dues from the defaulting entities of the State Governments in accordance with their recovery policies and RBI guidelines which provide for restructuring of loans, One Time Settlement of dues, filing of cases in Courts / Debt Recovery Tribunals, etc. Further, RBI, as debt manager of State Governments has been taking up issues concerning non-payment of interest and / or principal as also unilateral restructuring of terms and conditions of bonds etc. by State Government entities / PSUs with the concerned State Governments essentially by drawing their attention to the adverse impact of such actions on the credibility of their market borrowing program. Government has also requested all State Governments to ensure that Government guaranteed bonds are honoured by their respective undertakings.