

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:7122
ANSWERED ON:18.05.2012
LOANS TO PRIVATE AIRLINES
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) has issued any guidelines to banks for providing loan to private airline companies.;
- (b) if so, the details thereof; and
- (c) if not, the reaction of the Government in this regard;
- (d) whether several banks have granted heavy amounts of loan to some Airlines without any guarantee;
- (e) if so, the names of such banks and the amount of loan sanctioned by each bank; and
- (f) the action being taken by the said banks to recover the loan amount?

Answer

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

(a) to (c): Reserve Bank of India (RBI) has not issued any specific guidelines to banks for providing loan to private airline companies. Credit related matters have been deregulated by RBI and banks are free to take their decision in the matters of loan eligibility based on their commercial judgment and in accordance with their Board approved loan policy framed within the overall framework issued by RBI.

(d) to (f): As on September, 2011, there was an exposure of public sector banks amounting to about Rs. 15,700 crore to private airlines. Out of this, an amount of about Rs. 14,500 crore was outstanding. The banks obtain various tangible and intangible securities from the borrowers as per their Board approved policy.