

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:145

ANSWERED ON:08.08.2012

RESTRUCTURE OF LOAN TO TEXTILE SECTOR QUESTION

Bapurao Shri Khatgaonkar Patil Bhaskarrao;Bhoi Shri Sanjay;Gaikwad Shri Eknath Mahadeo;Paranjpe Shri Anand Prakash

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to review the policy to restructure the debt burden on textile sector;
- (b) if so, the details thereof along with the textile units which will be benefited as a result thereof;
- (c) whether Reserve Bank of India has issued any norms to banks in this regard;
- (d) if so, the details thereof;
- (e) the financial burden on the Government for the restructuring the debt burden for the textile sector; and
- (f) the time by which the said restructuring in textile sector is likely to be completed?

Answer

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

(a) & (b) An Assessment study made by BOB Capital Markets indicated that loans of Rs. 35,000 crore of Textile Units may have to be restructured by banks. Thereafter the Government has advised all Public Sector Banks to set up a separate window for considering restructuring proposals from eligible borrowers in the textile industry on case-to-case basis. Reserve Bank of India (RBI) after examining the above mentioned study has opined that there is no need for any special regulatory dispensation and banks can provide two year moratorium on term loans and convert working capital into working capital term loans with repayment period of 3-5 years as part of restructuring in terms of existing RBI guidelines.

(c) & (d) Master Circular dated July 2, 2012 issued by RBI on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances inter-alia stipulates prudential guidelines on restructuring of advances.

(e) The restructuring the debt for the textile sector by banks has no financial burden on the Government.

(f) No time line has been prescribed for the said restructuring.