

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2814
ANSWERED ON:07.02.2014
LOANS TO AIRLINES
Ray Shri Saugata

Will the Minister of FINANCE be pleased to state:

- (a) the loans extended by various banking and other financial institutions to airline companies including Kingfisher airlines during the last three years and the current year, airline/bank/institution and year-wise;
- (b) the loans paid back by these companies / recovered by the financial institutions during the above period;
- (c) the details of loans yet to be recovered and the value of property mortgaged therefor, airline-wise; and
- (d) the steps taken / proposed to be taken by the Government to recover the loans and dues from various airline companies?

Answer

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

(a) to (c): In accordance with the practices and usages customary amongst the banks and in conformity with provisions of statutes governing the financial institutions, information relating to individual borrower of the banks is not divulged. However, the bank-wise details of outstanding loan & impaired credits in aviation sector for last three financial years and current year are at Annex.

(d) Banks are governed by their Board driven policies. They have been advised by the Reserve Bank of India (RBI) to prepare a well-defined loan policy approved by their Board of Directors which should lay down exposure limits to individual/group borrowers, documentation standards, margin, security, sectoral exposure limits, delegation of powers, maturity and pricing policies, etc. Recovery of loans is done by banks as per law and in accordance with regulatory guidelines on the subject. RBI issues guidelines on Income Recognition and Asset Classification norms which are required to be adhered to by banks diligently. Banks have the responsibility to ensure monitoring of Non-performing Assets (NPAs), recovery thereof and putting in place adequate systems and controls and Bank Boards/Committees oversee the same. The above aspects are also subjected to regulatory/supervisory oversight. All these guidelines are applicable to all borrowers/banks uniformly, including airlines companies.

Further, to improve asset quality of banks, and to reduce NPAs, the Government has also advised Public Sector Banks (PSBs) to take a number of new initiatives to increase the pace of recovery which, inter-alia, include appointment of Nodal officers for recovery, to conduct special drives for recovery of loss assets, to put in place early warning system, and to constitute a Board Level Committee for monitoring of recovery. To ensure effective and expeditious recovery of defaulted loans of Banks and Financial Institutions, the Enforcement of Security interest and Recovery of Debts Laws (Amendment) Act, 2012' (No.1 of 2013) has been enacted bringing out certain amendments in the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, and the Recovery of Debts due to Banks and Financial Institution (RDDBFI) Act, 1993.