

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4312
ANSWERED ON:08.08.2014
LOAN TO TEXTILE SECTOR
Nimmala Shri Kristappa

Will the Minister of FINANCE be pleased to state:

- (a) whether the textile sector has been suffering losses;
- (b) if so, the details thereof during the last three years and the current year;
- (c) whether the Government has examined the reasons for the losses;
- (d) if so, the details thereof and the reaction thereto;
- (e) whether any proposal is under consideration to restructure the outstanding loans of textiles industries; and
- (f) if so, the details thereof along with the steps taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SMT. NIRMALA SITHARAMAN)

(a) & (b): The textile sector came under stress and the Non-Performing Assets (NPAs) of sector increased from 3.21% in March 2011 to 8.12% in March 2014. The advances and NPAs of the textile sector during the last three years and the current year is as under:

(Amount in Rs. Crore)

	Mar-11	Mar-12	Mar-13	Mar-14
Advances	1,50,093	1,62,769	1,93,319	2,14,149
Non- Performing Assets	4,813	7,551	12,355	17,398
Assets				
NPA Ratio	3.21%	4.64%	6.39%	8.12%

Source: Reserve Bank of India (RBI)

(c) to (f): The Government constituted a study report through BOB Capital Markets Ltd. Titled 'Assessment Report on Stress in the Textile Industry'. The study report was examined by RBI and it observed that the problems faced by the Textile industry are on account of global and domestic slowdown as well as certain steps taken by the government including allowing 48 items from Bangladesh on duty free basis without any reciprocation. Further, RBI assessed that the facts mentioned in the study indicate that the problems of the industry do not appear to be as severe and catastrophic as was the impression; large borrowers in natural and man-made fibres are relatively safe; the real problem is that of small and medium segments. RBI has assessed that the situation is actually on the mend and the profitability of the sector is returning as the cotton and cotton yarn prices have considerably softened.

RBI further advised on the request in the report relating to asset classification that the benefit on restructuring would be available within the existing regulatory parameters i.e. no special dispensation would be provided; the other requests in the report relating to moratorium on repayment of principal amounts and conversion of working capital into WCTLs repayable over a period of 3-5 years were within the domain of banks themselves and may be considered by them.