

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:966

ANSWERED ON:28.11.2014

LOANS TO AIRLINES

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

- (a) the details of loans extended by Public Sector Banks (PSBs) and other financial institutions to airlines companies including Kingfisher airlines during the last three years and the current year airline bank-wise;
- (b) the loans paid back by these companies/recovered by the banks and 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 JAYANT SINHA)

(a) to (d): The details of loans and GNPA's of Public Sector Banks (PSBs) and Private Sector Banks to aviation sector during the last three years w.e.f. Sept 2012 (Reserve Bank of India revised Industry data return format w.e.f. Sept 2012 and the data is available from this period onwards) is as under:

Public Sector Banks (Amount in Rs. Crore)				
	Sept- 12	Mar- 13	Mar- 14	Sept- 14
Advances	28,447	24,157	28,989	27,288
NPA's	3,728	3,410	3,466	2,446
NPA Ratio	13.09%	14.12%	11.96%	8.96%

Private Sector Banks (Amount in Rs. Crore)				
	Sept- 12	Mar- 13	Mar- 14	Sept- 14
Advances	715	604	1146	1267
NPA's	86	85	4	2
NPA Ratio	12.03%	14.14%	0.34%	0.18%

The borrower's details are not disclosed as prescribed under Section 45E of the RBI Act, 1934 and the banking laws, which provide for obligation of a bank or financial institution to maintain secrecy about the affairs of its constituents.

Reserve Bank of India (RBI) has issued instructions which stipulate that each bank is to have a Board approved loan policy for sanction of loans and loan recovery policy. The bank's loan policy covers all aspects of due diligence for all types of credit facilities. The steps taken by RBI/Government to reduce NPAs which includes borrowers from airline companies are as under:

RBI has released guidelines dated 30 January, 2014 for "Early Recognition of Financial Distress, Prompt Steps for Resolution and Fair Recovery for Lenders: Framework for Revitalizing Distressed Assets in the Economy" suggesting various steps for quicker recognition and resolution of stressed assets.

Further, RBI has issued instructions to the Banks to review slippages in asset classification in the borrowal accounts with outstanding Rs.5 crore and above by the Board of Directors of the bank and review NPA accounts which have registered recoveries of Rs.1 crore and above.

The Government of India on 26th June, 2014 has suggested banks to give more focussed monitoring in coordination with other members of consortium, assigning the responsibility at the Executive Director level, hiring best lawyers and monitoring their performance in defending bank's interest in the Debt Recovery Tribunals (DRTs) and High Courts. The Government had earlier directed on 21.11.2012 to the PSBs to constitute a Board level Committee for monitoring of NPAs and recovery. Recovery Committee reviews the NPAs periodically.