

Special Package for Himachal Pradesh

3481. SHRIMATI BIMLA KASHYAP SOOD : Will the Minister of FINANCE be pleased to state :

(a) whether the grant of Special Package of Rs. 5214 crore to Himachal Pradesh for bridging the huge gap in committed liabilities due to Thirteenth Finance Commission recommendations are pending for the last two years;

(b) if so, the details thereof and by when it will be given to the State; and

(c) if not, the reason therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRINAMO NARAIN MEENA) : (a) to (c) The Government of Himachal Pradesh had requested for a financial assistance of Rs. 5214 crore to meet the gap in committed liabilities of the State. Thirteenth Finance Commission (FC XIII), which is an expert body set up under Article 280 of the Constitution of India, had recommended devolution/transfer of funds from the Centre after assessing inputs from the States. These, including Non Plan Revenue Grant, are being released during the award period of FC XIII (2010-2015). Recommendations of the Finance Commission, once accepted, by the Government, are not applied differently across States. Response has been sent to the State Government.

Advice of RBI on NPAs of Banks

3482. SHRI SANJAY RAUT : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that total Non-Performing Assets (NPAs) of the banks are sought to top 3 per cent of the total assets this fiscal against 2.3 per cent last fiscal; and

(b) if so, what advice RBI has given to the banks to rein in NPAs?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA) : (a) The Non-Performing Assets (NPAs) ratio as %age of total advances has increased from 2.35% as at end March, 2011 to 2.84% as at end March, 2012 as per the Provisional, un-audited data available with Reserve Bank of India (RBI).

(b) RBI has informed that as per their instructions each bank is required to have a loan recovery policy which sets down the manner of recovery of dues, targeted level of reduction (period-wise), norms for permitted sacrifice/waiver, factors to be

taken into account before considering waivers, decision levels, reporting to higher authorities and monitoring of write-off/waiver cases. In case an account is classified as NPA as per the RBI guidelines, banks may follow procedures to ensure recovery of the outstanding amount which may include, formal negotiations followed by restructuring of the payment schedule for interest as well as principal, calling back of the loan through a legal notice, recovery under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, filing suit including suits in the Debt Recovery Tribunals (DRTs), Lok Adalats, entering into One time Settlement (OTS) proposals or compromise settlements, etc. However, each bank will have their own policy for recovery of NPAs as part of their overall loan policy, and the measures taken by the banks may vary from bank to bank.

Banks have also been advised by RBI from time to time, to take effective measures to strengthen the credit appraisal and post-credit monitoring to arrest the incidence of fresh NPAs and adopt a more realistic approach to reduce the existing and chronic NPAs in all categories.

Banks are required to have in place its credit risk strategy policy. Besides, they are required to conduct, loan reviews which picks up early warning signals and suggest remedial measures before an account slips into NPA. Banks are required to monitor NPAs and take steps to bring them down through recovery/other channels. RBI also monitors the NPA levels in banks on an ongoing basis.

Lower collection of taxes

3483. SHRI PIYUSH GOYAL : Will the Minister of FINANCE be pleased to state :

- (a) whether it is a fact that the collection of Direct and Indirect tax is lower than the budgetary assessment for the current year;
- (b) if so, the details thereof;
- (c) whether Government has conducted any assessment of the impact of such a situation;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The Budget Estimate (BE) for 2012-13 for direct and indirect taxes is as under :