

different categories of consumers/sectors including industries comes under the purview of the respective State Government/State Power Utility. The Government of India supplements the efforts of the State Governments by establishing power plants in the central sector through Central Public Sector Undertakings (CPSUs).

A capacity addition of 88,537 MW is planned for the country during the Twelfth Five Year Plan. Out of this, Tamil Nadu would be benefited by the capacity addition of 7,270 MW, comprising 4,750 MW in the central sector, 1,860 MW in the state sector, and 660 MW in the private sector.

Financial Stability Report of RBI

*298. SHRI ARVIND KUMAR SINGH : Will the Minister of FINANCE be pleased to state :

(a) whether as per the Financial Stability Report of RBI released during last week of December, 2013, risks to banking sector have increased during past six months due to steep rise in bad loans and has proposed tightening banks' exposure limit;

(b) if so, the details thereof;

(c) whether RBI has warned the Public Sector Banks (PSBs) that NPA level may touch Rs. 230 thousand crore in September, 2014, if so, the details thereof; and

(d) the details of action taken by PSBs to check NPA level and restrict their exposure limit as per the instructions of RBI?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) and (b) The Financial Stability Report (FSR) of Reserve Bank of India (RBI) released during the last week of December 2013, outlines the macro financial risks to the financial system and brings out the results of a series of stress tests on the banking system. The report has an in-depth analysis of the asset quality in the banking system and traces the causes leading to the current state of affairs. The report states that the current level of NPAs do not pose a systemic concern as the CRAR of the banking system is above the prescribed levels and many projects are just delayed, not unviable.

As per RBI Master Circular on Exposure norms, July 2013, a bank's exposure to a single borrower can go up to 25 per cent of the bank's total capital while its

group exposure limit can go up to 55 per cent of its total capital. FSR, December, 2013 has stated that these are on higher side by international standards and suggests review of the same to enhance stability of the banking sector.

RBI is currently engaged in creating a repository on large credits. Accordingly, circulars/directives were issued recently to banks to furnish data in respect of Large Borrowers, where banks have credit exposures of Rs. 10 crore and above. The repository is expected to help in tracking and reviewing exposures/impairment of such large borrowers more effectively across banking institutions so that timely remedial measures can be taken.

(c) As per the FSR report, macro stress tests on credit risk suggest that under baseline scenario, GNPA ratio of all SCBs is expected to rise to around 4.6 per cent by September 2014 from 4.2 per cent as at end September 2013, which may subsequently improve to 4.4 per cent by March 2015. The GNPA of PSBs may be around 4.9 percent by March 2015.

(d) To improve the health of the financial sector, to reduce the NPAs, to improve asset quality of banks, and to prevent slippages, Reserve Bank of India (RBI) has issued instructions which stipulate that each bank to have a Board approved loan recovery policy, to put in place an effective mechanism for information sharing for sanction of fresh loans/ad-hoc loans/renewal of loans to new or existing borrowers, to have a robust mechanism for early detection of signs of distress including prompt restructuring in the case of all viable accounts, 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, and reporting to higher authorities, monitoring of write-off/waiver cases, valuation of properties including collaterals accepted for their exposures, taking recourse to legal mechanisms like SARFAESI Act, 2002, DRTs and Lok Adalats, to review NPA accounts of Rs. 1 crore and above by Board of Directors and top 300 NPA accounts by Management Committee of the Board.

RBI also advised banks to strengthen the information sharing mechanism among lenders by making it compulsory for banks to receive/share information on

borrowers before sanctioning of loans. In May, 2013 RBI amended its guidelines on restructuring of advances based on the report by a Working Group.

Further, the Government has advised PSBs to take a number of initiatives:

To constitute a Board level Committee for monitoring of recovery, regular meetings of the Committee and monitoring of the NPAs accounts, to increase the pace of recovery and manage NPAs, which include appointment of Nodal officers for recovery at the Head Office/Zonal Office/for each DRT, to conduct special drives for recovery of loss assets, to put in place guidelines for early warning system, to replace system of post dated cheques with Electronic Clearance System (ECS), to designate ARCs as Authorised Officer. Government has instructed PSBs that write-offs should not be more than recovery.

All PSBs adhere to the above guidelines for monitoring the NPAs.

Exports of coir products

*299. SHRI RAJKUMAR DHOOT : Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state :

(a) details of exports of coir products from the country during the last three years, year-wise;

(b) the share of Maharashtra in these exports of coir products; and

(c) what action Government proposes to take to substantially increase exports and production of coir products from Maharashtra and other parts of the country?

THE MINISTER OF STATE OF THE MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI K.H. MUNIYAPPA) : (a) The details of export of coir and coir products from India for the last three years are given in the Annexure-I.

(b) The figures of State-wise share of export of coir and coir products is not maintained by the Coir Board.

(c) The Government through the Coir Board is implementing a number of Schemes for promotion of coir in the country which also contribute to enhanced