

- (v) Indian private sector industry has also been allowed to receive Maintenance Transfer of Technology (MToT) in 'Buy (Global)' cases.
- (vi) FDI Policy in Defence sector has been reviewed and as per the new policy, composite foreign investment up to 49% has been allowed through FIPB route and beyond 49% with the approval of Cabinet Committee on Security (CCS).
- (vii) Defence Products List for the purpose of industrial licensing has been revised and in the revised list most of the components/parts/raw materials have been taken out of the purview of industrial licensing.
- (viii) Defence Exports Strategy has been formulated and put in public domain. The Standard Operating Procedure (SOP) for issuing NOC for export of military stores has been simplified and made online.

In 2013-14, out of the total procurement of ₹93,217/- crore by the three Services (Army, Navy and Air Force), items worth ₹55,014/- crore (59%) have been procured from indigenous sources, which include public as well as private sector companies.

Government has so far issued 222 Letters of Intent (LoIs)/Industrial Licenses (ILs) covering 131 companies till October, 2014 for manufacture of a wide range of defence items to public/private companies. 46 licensed companies covering 72 licenses have so far reported commencement of production. So far, 33 FDI proposals/Joint Ventures have been approved in Defence sector for manufacture of various defence equipments, both in public and private sector. FDI amounting to ₹24.36 crores (US\$ 4.94 million) has been received in the Indian Defence Sector from April, 2000 to September, 2014.

Repayment of loans by companies stripped off coal licenses

983. SHRI SUKHENDU SEKHAR ROY: Will the Minister of FINANCE be pleased to state:

- (a) whether some of the companies whose coal block licenses were cancelled following recent Supreme Court order have defaulted in repayment of their dues to nationalized banks;
- (b) if so, the details of the companies and the quantum of dues that remained outstanding as on date in respect of those companies;
- (c) the details of specific action so far initiated/contemplated to realize dues of defaulting companies stripped off coal blocks; and

(d) if no action has been initiated as yet, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) and (b) The cancellation of coal blocks happened in September, 2014 and its impact on the asset quality of banks may arise in future depending upon the time of resolution of this issue. The Government has ascertained that the impact of cancellation of coal block allotment on Public Sector Banks (PSBs) due to likely stoppage of production of power plants is estimated at ₹ 96,484 crore.

NPAs of the Public Sector Banks in coal industry for September 2014 is 0.23% and of Private Banks is 0.22% of the their total GNPA. The information relating to loan defaulters of the coal sector as reported by RBI are as under.

(₹ in crore)

March-13	March-14	Sept.-14
483	511	550

Source: RBI

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.

(c) and (d) In all cases of loan defaults including such cases, depending on the situation, banks take one of the following resolution action prescribed by DBOD.No.BP.BC.9/21.04.048/2014-15 dated July 01, 2014 RBI Master Circular - Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances:

- (i) **Rectification** - Obtaining a specific commitment from the borrower to regularise the account so that the account comes out of SMA status or does not slip into NPA category
- (ii) **Restructuring** - Consider the possibility of restructuring the account if it is *prima facie* viable and the borrower is not a wilful defaulter. And, if any of the above option are not feasible, due Recovery process is resorted to.

To improve asset quality of banks, and to prevent slippages, Reserve Bank of India (RBI) has issued instructions which stipulate that each bank is to have a Board approved loan policy, loan recovery policy, 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, have a robust mechanism for early detection of signs of distress including prompt restructuring in the case of all viable accounts, taking recourse to legal mechanisms like SARFAESI Act, 2002, DRTs and Lok Adalats.

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

The Reserve Bank of India has recently released a comprehensive 'Framework for Revitalising Distressed Assets in the Economy'. The Framework outlines a corrective action plan that will incentivise early identification of problem cases, timely restructuring of accounts which are considered to be viable, and taking prompt steps by banks for recovery or sale of unviable accounts.

The Government has advised PSBs to constitute a Board level Committee for monitoring of NPAs and recovery, appointment of Nodal officers for recovery at the Head Office/Zonal Office/for each DRT, to conduct special drives for recovery of loss assets, and has instructed PSBs that writes-offs should not be more than recovery. The Government 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. To remove bottlenecks in the recovery of bad debts The Enforcement of Security Interest and Recovery of Debts Laws (Amendment) Act, 2012 has been passed by Parliament and has come into force from 15.01.2013.

Per capita income of West Bengal

984. DR. KANWAR DEEP SINGH: Will the Minister of FINANCE be pleased to state:

- (a) the per capita income of West Bengal during the last five years;
- (b) how it compares with its neighbouring States and at the National level; and
- (c) the details of the action Government has taken or proposes to take to increase the per capita income of the State to at least bring it at par with the National level?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) and (b) Details about per capita net State domestic product of the States