

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA) : (a) Yes, sir. The quantum of external assistance of Government of India has increased in the range of 4-5 per cent every year over the previous year in absolute terms, however, the external assistance has been reduced by 0.1 per cent every year over the preceding year when compared as percentage of GDP.

(b) The quantum of outstanding external assistance at the end of the financial year and interest paid thereon in the last 5 years is shown below:

Year	Outstanding Balance at the year end (₹ crore) at book value	Percentage increase over previous year	Per cent of GDP	Per cent of Public Debt	Interest paid (₹ crore)	Percentage of total interest paid in the year
2011-12	170088	7.8	1.9	5.0	3501	1.3
2012-13	177289	4.2	1.8	4.5	4019	1.3
2013-14	184581	4.1	1.6	4.2	3880	1.0
2014-15 (RE)	194286	5.3	1.5	3.9	3838	0.9
2015-16 (BE)	203460	4.7	1.4	3.7	3762	0.8

(c) India's external debt has remained within manageable limits. The prudent external debt management policy of the Government of India has helped in containing rise in external debt and maintaining a comfortable external debt position. The policy continues to focus on monitoring long and short term debt, raising sovereign loans on concessional terms with longer maturities, regulating external commercial borrowings through end use, all-in-cost and maturity restrictions; and rationalizing interest rates on Non-Resident Indian deposits.

#### **Basel III norms for banks in India**

517. DR. CHANDAN MITRA : Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India (RBI) proposes to implement Basel III norms for banks in India;

(b) if so, the details thereof; and

(c) the steps taken by Government to ensure that Indian banks opt advanced risk management practices?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA) : (a) and (b) Yes, Sir. Being Regulator Reserve Bank of India (RBI) issued final guidelines on implementation of Basel-III capital regulations on May 2, 2012. The guidelines became effective from April 1, 2013 in a phased manner. Accordingly, Basel-III capital ratios will be fully implemented as on March 31, 2019.

(c) RBI had advised banks to adopt advanced risk management from time to time. Major steps taken by RBI to ensure that Indian banks opt for advanced risk management practices are:-

- In February 1999, guidelines on Asset Liability Management (ALM) systems were issued. These guidelines to banks approach interest rate risk measurement from the earnings perspective using the Traditional Gap Analysis (TGA). These guidelines were comprehensively revised in November 2012.
- In terms of RBI's circular dated 7th October, 1999 on 'Risk Management System' in Banks, RBI advised banks that the management of credit risk should *inter-alia* encompass.
  - a) Measurement of risk through credit rating/scoring.
  - b) Quantifying the risk through estimating expected loan losses and unexpected loan losses.
  - c) Risk pricing on a scientific basis; and
  - d) Controlling the risk through effective Loan Review Mechanism and portfolio management.
- RBI issued guidance note advising the banks to put in place a robust credit risk management system which is sensitive and responsive to various factors affecting credit risk of *vide* its circular dated 12th October, 2002.
- RBI issued guidelines to banks on prudential norms on capital adequacy to implement standardized approach under Basel-II framework in Indian banks in respect of credit market and operational risk on 2nd July, 2007. Subsequently, banks in India have become Basel-II complaint since March, 2009 and follow standardized approach, standardized measurement method and basic indicator approach to measure capital requirements towards credit market and operational risk respectively. RBI has issued detailed guidelines for advanced approaches for market, operational and credit risk in April, 2010 and April, 2011 respectively.

- RBI had issued guidelines related to Basel-III framework including liquidity regulations, which will be fully implemented as on March 31, 2019. Basel-III framework has become effective from 1st April, 2013 and liquidity regulations have become effective from 1st January, 2015 for Indian banks.
- On July 22, 2014 the RBI released “Framework for dealing with Domestic Systemically important Banks (D-SIBs). Providing the methodology to be adopted by RBI for identifying the D-SIBs and additional regulatory/supervisory policies which D-SIBs would be subjected to.

#### **KCC loans granted by Union Bank of India**

518. SHRI ARVIND KUMAR SINGH : Will the Minister of FINANCE be pleased to refer to reply to the Unstarred Question 3634 answered on 12th August, 2014 in the Rajya Sabha and state:

- (a) whether Government has received representation from MPs/Ex. MPs during February, 2015 regarding sanctioning of loans under KCC to fraudsters by Union Bank of India, Chitbaragaon branch on 19th May, 2014 in violation of Master Circular of RBI;
- (b) if so, the reasons for denial of information that Union Bank of India has granted any loan to fraudsters;
- (c) the details of penal action Government would take against the fraudsters and guilty bank officials;
- (d) whether Government would recover the loans sanctioned by Union Bank, Chitbaragaon branch; and
- (e) if so, by when and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA) : (a) to (e) A communication dated 3rd February 2015 was received from Shri Yashvir Singh, Ex. MP (Lok Sabha) alleging sanction of loans under Kisan Credit Card to fraudsters by Union Bank of India, Chitbaragaon branch on 19th May, 2014 in violation of norms. The matter was taken up with Union Bank of India, which has informed that prior to sanction of the said loan, a Non-Encumbrance Certificate (NEC) was obtained by the branch concerned and due diligence was exercised. Besides, mortgage was also effected on the related assets after sanctioning the said loan. The Bank has also informed that they are not aware of any irregularity in sanctioning the said loan.

#### **Reduction in Budgetary allocation for Science and Technology institutions.**

519. SHRI C.P. NARAYANAN : Will the Minister of FINANCE be pleased to state:

- (a) whether the Ministry is aware that our prestigious Science and Technology