With regard to internal audit, RBI has apprised that it has issued detailed guidelines on risk-based internal audit system in banks. These mandate banks to put in place well-defined policy, duly approved by their Board, for undertaking risk-based internal audit, and cover areas such as risk assessment process, scope and coverage of internal audit, performance evaluation, review of internal audit function, etc.

(c) RBI, *vide* circular dated 1.11.2004, conveyed general permission to banks authorised to deal in foreign exchange to issue LoUs in favour of overseas suppliers, banks and financial institutions, up to a specified transaction amount and period, for import of capital and non-capital goods, subject to RBI's prudential guidelines. RBI discontinued the practice of issuance of LoUs *vide* circular 13.3.2018.

(d) As per RBI data, the number of complaints against commercial banks pertaining to deficiencies in banking services, received in the offices of the Banking Ombudsmans of RBI was 1,02,894 for the financial year (FY) 2015-16, 1,30,987 for FY 2016-17, and 1,63,590 for FY 2017-18. RBI has further apprised that action has been taken on the complaints as per the provisions of RBI's Banking Ombudsman Scheme, 2006.

Recapitalisation to banking industry for financial reforms

2303. DR. SANJAY SINH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that public sector banks are in consistent loss;

(b) if so, the details thereof and the reasons therefor;

(c) the proposal of Government on recapitalisation to banking industry for financial reforms therein; and

(d) the present status and progress of moratorium process to PSBs thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHIV PRATAP SHUKLA): (a) and (b) Public Sector Banks (PSBs) have consistently posted operating profits in recent years. As a result of Asset Quality Review (AQR) initiated in 2015 and subsequent transparent recognition by PSBs, stressed accounts were reclassified as Non-Performing Assets (NPAs). PSBs started cleaning up and expected losses on stressed loans, not provided for earlier under flexibility given to restructured loans, were provided for. Primarily as a result of provisioning requirements for continuing ageing provision for NPAs so recognised, six out of 21 PSBs have reported net loss in each of the last two financial years as well as the first quarter of 2018-19 (for which results have been declared by eight PSBs till 3.8.2018).

(c) Government, in October 2017, announced decision to recapitalise Public Sector Banks to the tune of about ₹ 2,11,000 crore, through capital infusion by the Government amounting to ₹ 1,53,139 crore, through a mix of special securities ("recapitalisation bonds") and budgetary support, and the balance through capital raising from the market. Pursuant to this, ₹ 88,139 crore were infused in the second half of FY 2017-18. Budget provision of ₹ 65,000 crore has been made for this purpose in Union Budget 2018-19, and ₹ 11,337 crore has been infused in banks so far. Further, banks have mobilised capital from markets to the tune of ₹ 11,948 crore through issuance of fresh equity in the banks and through sale of non-core assets.

(d) Government has not issued any moratorium process to PSBs.

Climate Change Finance Unit

2304. SHRI DEREK O'BRIEN: Will the Minister of FINANCE be pleased to state:

(a) the functions of the Climate Change Finance Unit;

(b) the programmes implemented and steps taken by the Climate Change Finance Unit so far; and

(c) the programmes that the Climate Change Finance Unit will implement in the next year?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RADHAKRISHNAN P.): (a) The functions of Climate Change Finance Unit are to prepare chapter on Climate Change and Sustainable Development for the Economic Survey; to serve as the nodal point on all climate change finance matters in the Ministry of Finance, to participate in the discourse on climate finance issues in the multilateral climate change regime and other international fora such as G20; and provide analytical inputs for the national climate policy framework.

(b) and (c) The Climate Change Finance Unit does not implement programmes/ schemes directly. However, as the nodal point for climate change finance matters in the Ministry of Finance, Climate Change Finance Unit has been representing the Government of India in various international fora including negotiations at the annual Conference of Parties to the United Nations Framework Convention on Climate Change and G20 forum. The unit has also been providing analytical inputs on climate finance for national climate policy framework.