

the Insolvency and Bankruptcy Code, amended the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 (SARFAESI Act) to make it more effective, established six new Debts Recovery Tribunals and improved the recovery systems within PSBs. Further, the Banking Regulation Act, 1949 has been amended, to provide for authorisation to RBI to issue directions to banks to initiate the insolvency resolution process under IBC. As per RBI's directions, cases have been filed under IBC before the National Company Law Tribunal (NCLT) in respect of 39 large defaulters, amounting to about ₹ 2.69 lakh crore funded exposure (as of December, 2017).

Thus, by recognising NPAs transparently, up-front provisioning, recapitalisation for bank strengthening, reforms for comprehensive systemic improvements in banks, and cleaning up lending and recovery systems, Government has put in place a clean and robust banking system.

RBI's power over regulating PSBs

1512. SHRI K. R. ARJUNAN: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that the Reserve Bank of India does not enjoy enough powers in regulating State run lenders;
- (b) if so, the details thereof;
- (c) whether it is also a fact that Government is willing to discuss RBI's power over regulating Public Sector Banks; and
- (d) if so, the steps taken by Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHIV PRATAP SHUKLA): (a) to (d) The Reserve Bank of India (RBI) regulates and supervises public sector and private sector banks. Under the provisions of the Banking Regulation Act, 1949, it can, *inter alia*:-

- inspect the bank and its books and accounts (section 35(1));
- examine on oath any director or other officer of the bank (section 35(3));
- cause a scrutiny to be made of the affairs of the bank (section 35(1A));
- give directions to secure the proper management of the bank (section 35A);
- call for any information of account details (section 27(2));
- determine the policy in relation to advances by the bank (section 21);
- direct special audit of the bank (section 30(1B)); and

- direct the bank to initiate insolvency resolution process in respect of a default, under the provisions of Insolvency and Bankruptcy Code, 2016 (section 35AA).

Further, in respect of nationalised banks and the State Bank of India (SBI), under the provisions of the Banking Companies (Acquisition and Transfer of Undertakings) Acts of 1970 and 1980 (“Bank Nationalisation Acts”) and the State Bank of India Act, 1955 (“SBI Act”) respectively, *inter alia*:-

- (i) RBI's nominee Director is a member on:-
 - (1) the nationalised bank's Management Committee of the Board, which exercises the powers of the bank's Board with regard to credit proposals above specified threshold (section 9(3)(c), and paragraph 13 of the Nationalised Banks (Management and Miscellaneous Provisions) Schemes of 1970 and 1980 made by the Government under the Bank Nationalisation Acts), and
 - (2) the Executive Committee of the Central Board of SBI, which may deal with any matter within the competence of the Central Board subject to the SBI General Regulations, 1955 and Central Board's directions (sections 19(f) and 30 of SBI Act, and regulation 46 of the SBI General Regulations, 1955);
- (ii) RBI approves the appointment and fixes the remuneration of the bank's auditors (section 10 of Bank Nationalisation Acts and section 41 of SBI Act); and
- (iii) RBI can appoint additional Directors on the nationalised bank's Board and State Bank of India's Central Board (section 9A of the Bank Nationalisation Acts and section 19B of SBI Act).

In addition, whole-time Directors of nationalised banks and State Bank of India are appointed in consultation with RBI.

RBI has powers under other laws as well, which include, *inter alia*, the power under section 12 of the Foreign Exchange Management Act, 1999 to inspect for compliance with the Act and rules etc. made there under.

RBI also maintains the Central Repository of Information on Large Credits (CRILC) on aggregate fund-based and non-fund-based exposures of ₹ 5 crore and above of all banks. Further, RBI maintains the Central Fraud Registry and banks report all frauds involving amount above ₹ 1 lakh to RBI. In addition, RBI's master directions on frauds lay out guidelines on categorisation, reporting and review of frauds, along with norms for consequent provisioning.

The powers of RBI are wide-ranging and comprehensive to deal with various situations that may emerge in all banks, including public sector banks. The improvement in regulatory functioning being an ongoing process, Government engages with RBI and discusses issues as they evolve.

Loan waived off to Industrial Sector

1513. SHRI SANJAY SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that gross NPAs of all banks have touched ₹ 8,40,958 crores in December, 2017, mostly due to Industry loans followed by Services and Agriculture Sectors, as per Government data;

(b) if so, the details of the loans extended to the Industrial Sector since the last three years, year-wise;

(c) the details of the total amount of loan waived to the Industrial houses in the last three years in way of negotiating NPAs, year-wise; and

(d) the details of amount of loans provided by banks to the Agricultural Sector since the last three years, year-wise?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHIV PRATAP SHUKLA): (a) As per provisional data of the Reserve Bank of India (RBI) on domestic operations, as on 31.12.2017, aggregate gross Non Performing Assets (GNPAs) of Scheduled Commercial Banks (SCBs), were ₹ 8,31,141 crore, most of which were in the Industry category, followed by Services and Agriculture and Allied Activities categories.

(b): With regard to the details of the loans extended to the Industrial Sector, RBI has apprised that required information is not available. However, as per data reported by RBI on domestic operations of SCBs, during the last three financial years, with provisional data for 31.3.2018, 'Industry — Advances Outstanding' increased by ₹ 1,55,582 crore.

(c) No corporate loan waiver has been done by the Government.

(d) With regard to the details of the amount of loans provided by banks to the Agricultural Sector, RBI has apprised that required information is not available. However, as per data reported by RBI on domestic operations of SCBs, during the last three financial years, with provisional data for 31.3.2018, 'Agriculture and Allied Activities — Advances Outstanding' increased by ₹ 3,64,289 crore.