Exposure of PSBs and institutions to Jet Airways

2601. SHRI NARESH GUJRAL: Will the Minister of FINANCE be pleased to state:

(a) how many is the exposure of Public Sector Banks (PSBs) and institutions to Jet Airways;

(b) whether the promoters furnished any personal guarantees against these loans/ advances; and

(c) the steps being taken to recover these dues?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR): (a) to (c) As per inputs received from State Bank of India (SBI), the lead bank in the consortium of lenders to Jet Airways, and all-India Financial Institutions, claims of ₹ 4,398.55 crore have been filed by Public Sector Banks before the National Company Law Tribunal (NCLT) against Jet Airways. No personal guarantees were furnished by promoters. However, as per the inputs, collateral security for the loans given to Jet Airways was obtained in the form of pledge of promoter and other shares, and hypothecation of assets. For recovery of outstanding dues, as per inputs received from SBI, the bank’ s application under the Insolvency and Bankruptcy Code, 2016 has been admitted by NCLT, Mumbai.

NPAs in Public Sector Banks

2602. SHRI SANJAY SETH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government has failed to reduce the NPAs of banking institutions;

(b) if so, the reasons therefor; and

(c) if not, the data of NPAs in Public Sector Banks (PSBs) in the last three years and the steps taken to reduce them?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR): (a) to (c) As per Reserve Bank of India (RBI)’ s data on global operations, aggregate gross advances of Public Sector Banks (PSBs) increased from Rs. 18,19,074 crore as on 31.3.2008 to ₹ 52,15,920 crore as on 31.3.2014. As per RBI inputs, the primary reasons for spurt in stressed assets have been observed to be, *inter alia*, aggressive lending practices, wilful default/loan frauds/corruption in some cases, and economic slowdown. Asset Quality Review (AQR) initiated in 2015 for clean and fully provisioned bank balance-sheets revealed high incidence of Non-Performing Assets (NPAs). As a result of AQR and subsequent transparent recognition by banks, stressed accounts were reclassified as NPAs and expected losses on stressed loans, not provided for earlier under flexibility given to restructured loans, were provided for. Further, all such schemes for restructuring stressed loans were withdrawn. Primarily as a result of transparent recognition of stressed assets as NPAs, gross NPAs of PSBs, as per RBI data on global operations;, rose from ₹ 2,79,016 crore as on 31.3.2015, to ₹ 6,84,732 crore as on 31.3.2017, to ₹ 8,95,601 crore as on 31.3.2018, and as a result of Government' s4R' s strategy of recognition, resolution, recapitalisation and reforms, have since declined by ₹ 1,06,032 crore to ₹ 7,89,569 crore as on 31.3.2019 (provisional data reported by RBI on 2.7.2019).

Government has implemented a comprehensive 4R' s strategy, consisting of recognition of NPAs transparently, resolution and recovery of value from stressed accounts, recapitalising of PSBs, and reforms in PSBs and the wider financial ecosystem for a responsible and clean system. Comprehensive steps have been taken under the 4R' s strategy to reduce NPAs of PSBs, including, *inter alia*, the following:–

(i) Change in credit culture has been effected, with the Insolvency and Bankruptcy Code (IBC) fundamentally changing the creditor-borrower relationship, taking away control of the defaulting company from promoters/owners and debarring wilful defaulters from the resolution process and debarring them from raising funds from the market.

(ii) Over the last four financial years, PSBs have been recapitalised to the extent of ₹ 3.12 lakh crore, with infusion of ₹ 2.46 lakh crore by the Government and mobilisation of over ₹ 0.66 lakh crore by PSBs themselves enabling PSBs to pursue timely resolution of NPAs.

(iii) Key reforms have been instituted in PSBs as part of the PSBs Reforms Agenda, including the following:–

(a) Board-approved Loan Policies of PSBs now mandate tying up necessary clearances/approvals and linkages before disbursement, scrutiny of group balance-sheet and ring-fencing of cash flows, non-fund and tail risk appraisal in project financing.

(b) Use of third-party data sources for comprehensive due diligence across data sources has been instituted, thus mitigating risk on account of misrepresentation and fraud.

(c) Monitoring has been strictly segregated from sanctioning roles in high-value loans, and specialised monitoring agencies combining financial and domain knowledge have been deployed for effective monitoring of loans above ₹ 250 crore.

(d) To ensure timely and better realisation in one-time settlements (OTSs), online end-to-end OTS platforms have been set up.

Enabled by the above steps, as per RBI data on global operations, the NPAs of PSBs, after reaching a peak of ₹ 8,95,601 crore as on 31.3.2018, have declined by Rs. 1,06,032 crore to ₹ 7,89,569 crore as on 31.3.2019 (provisional data for the financial year ending March 2019), and PSBs have effected record recovery of ₹ 3,16,479 crore over the last four financial years, including record recovery of ₹ 1,27,987 crore during 2018-19 (provisional data for the financial year ending March 2019. as reported by RBI on 9.7.2019).

Note: Figures cited above for PSBs include those for IDBI Bank Limited, which was recategorised as a private sector bank by RBI with effect from 21.1.2019.

Exemption of Income Tax on District Mineral Foundation

2603. SHRI NARENDRA KUMAR SWAIN:
SHRI PRASHANTA NANDA:

Will the Minister of FINANCE be pleased to state whether Government will take steps for exemption of income tax on the interest income of District Mineral Foundation (DMF) Trusts from the purview of Income Tax Act, as a substantial amount of the Trust Funds will be spent to clear the tax liability, which will have adverse effect on the Trust Funds and defeat the very objective of the DMF scheme for uplifting the socio-economic condition of the people in mining affected areas?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR): District Mineral Foundation Trusts can avail tax-exemption under the Income-tax Act, 1961 on the Interest income earned by these class of trusts, if they fulfill the conditions prescribed under section 10(46) of the Income-tax Act, 1961. They need to apply to the CBDT in the prescribed format to claim this exemption. After verification of their applications, the CBDT will notify them under section 10(46) of the Act.