Monitioring of NBFCs

*162. SHRI R. VAITHILINGAM: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government held discussions with Non-Banking Finance Companies (NBFCs) regarding current difficulties being faced by them;

(b) whether many NBFCs are doing well and some of them are facing serious difficulties;

(c) whether it is also a fact that Government is monitoring the top 50 NBFCs which represent roughly 75 per cent of the asset size of the NBFC sector; and

(d) if so, the details thereof?

THE MINISTER OF FINANCE (SHRIMATI NIRMALA SITHARAMAN): (a) to (d) RBI has apprised that it categorises NBFCs that have an asset size of ₹ 500 crore and above as systemically important. RBI has further apprised that it conducts on-site inspection regularly while keeping a watch through off-site returns submitted and the Statutory Auditor Certificate submitted after the audit of NBFC. In addition to the focussed approach for all deposit-taking and non-deposit-taking systemically important NBFCs, RBI has informed that it is closely monitoring the top 50 companies that account for approximately 75% assets of the sector, particularly in respect of their asset-liability management position. RBI has further informed that it is closely monitoring the liquidity position and performance of the NBFC sector with a focus on major entities and their inter-linkages with other sectors. RBI has additionally informed that it has been carrying out structured interactions with large NBFCs to discuss issues pertaining to liquidity, funding as well as other relevant aspects related to the functioning of the NBFCs. In addition, RBI has informed that a few NBFCs that had a business model of borrowing short and lending for the long term, faced asset-liability mismatches as the confidence of lender/markets had declined, although the better-performing companies continued to raise funds without any difficulty. Government too has held discussions with private sector lenders, including NBFCs and Housing Finance Companies (HFCs).

A number of measures have been taken by RBI and the Government to extend support to NBFCs and to increase credit flow, including, *inter-alia*, following:

(i) Open market operations were conducted, in addition to regular Liquidity Adjustment Facility auctions, to inject liquidity in financial market.

(ii) RBI permitted special dispensation to banks up until 31.3.2019, whereby their incremental credit to NBFCs and Housing Finance Companies (HFCs) after 19.10.2018, could be treated as high-quality liquid assets for calculation of liquidity coverage ratios.

(iii) Single borrower limit on exposure to NBFCs (not financing infrastructure) in the bank's books was increased from 10% to 15% till 31.3.2019.

(iv) Securitization guidelines for NBFCs have been relaxed by lowering the minimum holding period requirements for eligible loan assets till 31.12. 2019.

(v) Banks were permitted to provide partial credit enhancement to bonds issued by NBFCs and HFCs, thereby increasing their ability to borrow in the market.

(vi) Bank credit to NBFCs (other than Micro-Finance Institutions (MFIs)) for on-lending to agriculture, micro and small enterprises and housing has been made eligible for classification as priority sector up to a limit of five percent of individual bank's total priority sector lending. *Vide* circular dated 13.8.2019, RBI has permitted credit extended by banks to registered NBFCs (other than MFIs) for on-lending to be eligible for classification as priority sector, up to ₹ 10 lakh per borrower for agriculture, up to ₹ 20 lakh per borrower for micro and small enterprises, and up to ₹ 20 lakh per borrower for housing.

(vii) All scheduled commercial banks (excluding Regional Rural Banks and Small Finance Banks) were allowed to engage with NBFC-Non Deposit-Systemically Important to co-originate loans for the creation of priority sector assets.

(viii) Government has launched a Partial Credit Guarantee Scheme for purchase of pooled assets of NBFCs.

(ix) During the period from 1.10.2018 to 30.10.2019, Public Sector Banks have sanctioned support to NBFCs/HFCs amounting to a total of ₹4.14 lakh crore, including ₹0.97 lakh crore for pool-buy-outs of assets of NBFCs/HFCs.

Loan defaulters of Indian Renewable Energy Development Agency

*163. SHRI DHIRAJ PRASAD SAHU: Will the Minister of NEW AND RENEWABLE ENERGY be pleased to state:

(a) the details of loan defaulters, wilful loan defaulters of Indian Renewable Energy Development Agency (IREDA) during the last three years and the current year and the names of such defaulting companies as per the latest estimate;

(b) the details of total amount of loan outstanding against the said companies till date, company-wise;

(c) the total amount of subsidy given by Government to loan defaulter companies for non-renewable energy projects, company-wise/amount-wise; and

(d) the action taken against the loan defaulters/wilful defaulters, company-wise?

THE MINISTER OF STATE OF THE MINISTRY OF RENEWABLE ENERGY (SHRI RAJ KUMAR SINGH): (a) to (d) IREDA provides loans for renewable energy projects in the country. The names of loan defaulter companies, total loan outstanding against these companies during last three years and the current year (upto 30.09.2019) and details of action taken against them are given in the Statement (*See* below). The total outstanding loan from these companies for said period is ₹ 1556.30 crore. The Ministry of New and Renewable Energy releases Central Financial Assistance under its various schemes like Small Hydro Power Scheme, Biomass Power and Cogeneration Programme, Concentrated Solar Thermal (CST) Programme, Waste to Energy Programme, etc., directly to the developers, and provides Generation Based Incentive (GBI) for grid connected wind and solar power projects through IREDA. GBI is disbursed based on net generation of wind and solar power. The details of Central Financial Assistance and GBI released to companies which are loan defaulters of IREDA and have been classified as NPA during the last three years and the current year are given in the Statement-II.