

2. The estimated annual Lithium ion Battery demand is 22 GWh/Year for the year 2020-21 and domestic market Size is approximately ₹ 21000 Crore per annum.
3. Import Details of Lithium ion Batteries and Printed Circuit Boards for last 3 years and current Financial Year:

Sl. No.	CTH	Description	Import Value (₹ in crore)			
			2016-17	2017-18	2018-19	2019-20 (Upto Dec 2019)
1.	8507 60 00	Lithium ion Accumulator	2216	3532	8574	7131
2.	8534 00 00	Printed Circuits	2512	2867	4780	3381

Statement-II

*Basic Customs Duty detail of the Lithium ion batteries and
Printed Circuit Boards*

CTH	Description	Basic Customs Duty rate
8507 60 00	Lithium ion battery for Cellular Mobile Phones	15%
	Lithium ion battery for electrically operated vehicles, including two and three wheeled electric motor vehicles	5%
	Power Bank of Lithium ion	20%
	All other Lithium ion batteries other than those mentioned at Sr. No. 1 to 3	10%
8534 00 00	Printed Circuits Board	Nil

Strict governance norms for banks

1044. SHRI B. LINGAIAH YADAV: Will the Minister of FINANCE be pleased to state:

(a) whether the economic revival is key to banks' health, if so, the details thereof and the steps being taken in this regard and the results yielded so far;

(b) whether waning of banks' confidence in extending loans is worrisome as per RBI report, if so, the details thereof and the corrective steps being taken in this regard; and

(c) whether Government is working on strict governance norms for banks which will reflect global best practices, if so, the details thereof and progress made so far?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR): (a) to (c) With regard to economic revival and banks' health, it is stated that the Report on Trend and Progress of Banking in India 2018-19 ("Banking Trend Report") published by the Reserve Bank of India (RBI) in December 2019 observes, *inter alia*, that the health of the banking sector hinges around a turnaround in macroeconomic conditions. An account regarding economic revival and steps taken in this regard is given in Economic Survey 2019-20 in its chapter on the State of the Economy, which details that having duly recognised financial stresses built up in the economy, Government has taken significant steps towards speeding up the insolvency resolution process under the Insolvency and Bankruptcy Code (IBC) and easing of credit, particularly for the stressed real estate and Non-Banking Financial Companies (NBFCs) sectors, and that the impact of critical measures taken to boost investment present green shoots for growth in the second half of 2019-20 and 2020-21. Further, an account regarding banks' health and steps taken in this regard is given in RBI's Financial Stability Report, published in December 2019, as per which the capital adequacy ratio of scheduled commercial banks has improved significantly from 14.3% in March 2019 to 15.1% in September, 2019 following recapitalisation of Public Sector Banks (PSBs) by the Government, their provision coverage ratio has risen to 61.5% from 60.5% over the same period implying increased resilience of the banking sector, and their net non-performing assets ratio has declined reflecting increased provisioning. Besides these, Government has instituted comprehensive reforms in PSBs to improve, governance, underwriting, monitoring and recovery, and has leveraged technology in all aspects of banking, resulting in reduction in their NPAs from ₹ 8.96 lakh crore in March 2018 to ₹ 7.27 lakh crore in September, 2019, 12 out of 18 PSBs reporting profit in the first half of the current financial year, and the highest provision coverage ratio in 7½ years.

With regard to bank's confidence in extending loans, it is stated that the RBI's Banking Trend Report observes, *inter alia*, that sporadic credit default events and incidents of frauds have contributed to reluctance in lending by banks. A number of steps have been taken to address these and other matters concerning lending by banks, including, *inter alia*, the following:—

- A. To provide liquidity, extend financing to stalled projects and enable resolution, and thereby reduce the risk of credit default,—
- (i) Overall positive liquidity has been maintained through open market operations by RBI and treating incremental credit of banks to NBFCs as high-quality liquid assets for calculation of former's liquidity coverage ratio,
 - (ii) The NBFC sector, in which there have been instances of credit default, has received Liquidity support through:—
 1. National Housing Bank's Liquidity Infusion Facility (LIFT) for refinance to Housing Finance Companies (HFCs) for affordable housing;
 2. Substantial increase in credit extended by banks;
 3. Partial Credit Guarantee Scheme for purchase of high-rated pooled assets of NBFCs;
 4. Bank credit to NBFCs for on-lending being classified as priority sector; and
 5. Banks co-originating loans with NBFCs.
 - (iii) Financing for stalled housing and real estate projects has been enabled through:—
 1. An Alternate Investment Fund to finance the affordable and middle-income housing sector projects, and NBFCs, including HFCs, are also eligible for finance from the fund, and
 2. The permission announced by RBI on 6.2.2020 for advancement of date of commencement of commercial operations in commercial real estate projects delayed due to reasons beyond control.
 - (iv) Mechanism for resolution of stress in NBFCs has been created by empowering RBI to take action in this regard through amendments effected to the Reserve Bank of India Act, 1934 and bringing NBFCs with asset size of ₹ 500 crore and above within the ambit of resolution under IBC.

- (v) Concerns in lending to stressed entities in respect of which market perception regarding risk of credit default is higher have been addressed by improvements made in respect of resolution under IBC, in terms of:—

1. Protecting the primacy of secured creditors in realisation from secured assets;
2. Bringing the resolution and bankruptcy of personal guarantors of corporate debtors within the ambit of the resolution process; and
3. Ring-fencing resolved corporate debtor in favour of successful resolution applicant, from criminal proceedings against offences committed by previous management/promoters.

- B. To address concerns arising from incidents of fraud, contributing in reluctance to lend—

- (i) Prevention of Corruption Act has been amended to prohibit conduct of inquiry/investigation of offences relatable to decision taken by public servant in discharge of functions, without previous approval of the authority competent to remove him.
- (ii) The Advisory Board for Banking and Financial Frauds has been set up for distinguishing between commercial failure and criminal action cases of suspected frauds over ₹ 50 crore, before initiation of investigation by the Central Bureau of Investigation.

- (C) To facilitate and incentivise lending—

- (i) By reduction in lending rates:—
 1. Successive cuts effected in the benchmark Repo rate since February 2019, resulting in the weighted average lending rate of banks on fresh loans reducing by 69 basis points till December 2019,
 2. All fresh floating loans for retail and micro, small and medium enterprises (MSMEs) lending have been linked to an external benchmark rate, and
 3. RBI, on 6.2.2020, has announced relief in the Cash Reserve Ratio requirement of banks on incremental outstanding loans for automobiles, residential housing and MSMEs between 31.1.2020 and 31.7.2020;

(ii) For MSMEs, measures taken include:—

1. Introduction of a scheme for restructuring of loans;
2. Up to 25% enhancement by PSBs in existing working capital limits in standard MSME accounts;
3. Launch of MSME Outreach Initiative by PSBs;
4. Online bill discounting via TReDS platform; and
5. Time-bound in-principle approval on the PSBloansin59minutes.com platform;

(iii) For export, measures taken include:—

1. expanding the eligibility for classification of such credit as priority sector lending; and
2. infusing capital in Exim Bank.

(iv) For retail, measures taken include:—

- I. reduction in risk weight on consumer loans other than on credit cards; and
- II. introduction of in-principle approvals for retail lending through PSBloansin59minutes.com;

(v) For infrastructure, equity support has been provided to India Infrastructure Finance Company Limited (IIFCL) to enable it to borrow and finance infrastructure projects; and

(vi) External commercial borrowings have been facilitated through expansion of eligibility to include all entities eligible to receive FDI and reduction in the minimum average maturity requirement of the borrowing to three years.

With regard to governance norms for banks, it is stated that Government has recently introduced comprehensive reforms in PSBs, taking into account global best practices, for empowering bank Boards, strengthening the Board committee system, improving the effectiveness of non-official directors and building a leadership pipeline. Specific reforms include, *inter alia*, empowerment of Boards to recruit Chief Risk Officers from the market at market-linked compensation, introduced Chief General Manager level, and decide sitting fees of non-official directors, assignment to non-official directors

role analogous to that of independent directors, mandate to Boards to provide non-official directors necessary training and to undertake annual peer evaluation of their performance. Banks have taken steps for implementation in line with the reforms.

Containment of high inflation

1045. DR. T. SUBBARAMI REDDY:

SHRI VAIKO:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government examined the reasons for all time high inflation in the last five years;
- (b) the steps taken to control the soaring prices of vegetables, pulses and other food prices; and
- (c) the details of measures taken to contain the inflation and to boost the Indian economy?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR): (a) to (c) The CPI-C inflation during 2019-20 (April-December) was recorded at 4.1 per cent and 7.4 per cent in December, 2019. 'Vegetables', a component of 'Food & Beverages', has contributed considerably in CPI-C inflation during 2019-20 (April-December).

Government is implementing Price Stabilization Fund (PSF) to help moderate the volatility in prices of agri-horticultural commodities like pulses, onion, and potato. In order to contain the price rise in onion during 2019-20, buffer stock of 57,373 metric tonnes (MT) Rabi onion was created under PSF which was distributed to various States Governments, other agencies and also sold in various mandis through open auction. Minimum Export Price (MEP) of \$ 850/MT was imposed on onion on 13.09.2019, and subsequently its export was banned by Government on 29.09.19 in view of its continued high prices. Government, on 29.09.2019, imposed stock limits on traders across the country - 100 quintals on retail traders and 500 quintals on wholesale traders under the