

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 1664**

TO BE ANSWERED ON THE 3<sup>RD</sup> AUGUST 2021/ SRAVANA 12, 1943 (SAKA)

**Unsecured loans for treatment of COVID-19**

1664. **Shri K. C. Venugopal:**  
**Shri Sanjay Seth:**

Will the Minister of FINANCE be pleased to state:

- (a) whether Public Sector Banks (PSBs) have announced unsecured loans of up to ₹5 lakh rupees to individuals, to meet the treatment cost of COVID-19 in the second wave;
- (b) if so, the details thereof alongwith tenure of repayment and interest to be charged;
- (c) the eligibility criteria for availing loan and whether Government has initiated awareness campaign regarding this loan scheme and, if so, the details thereof;
- (d) whether there is increase in outstanding loan of PSBs compared to last year and, if so, the details thereof; and
- (e) the steps taken by Government to recover outstanding loan of PSBs in a time bound manner?

**ANSWER**

THE MINISTER OF STATE FOR FINANCE  
(DR. BHAGWAT KARAD)

(a) to (c): Yes sir. As per information received from Public Sector Banks (PSBs), all PSBs have announced unsecured loan facility to individuals to meet the COVID-19 treatment cost of self and family members. All existing customers/ borrowers affected with COVID-19 are eligible to avail this collateral free loan facility from PSBs in the form of term loan with repayment period ranging from 3 years to 5 years with a moratorium period ranging from 3 months to 6 months. Rate of interest charged by PSBs ranges from 8.5% to 9.5% for this loan facility. PSBs have displayed salient features of this scheme on bank's website, on ATMs, newspaper advertisement, email marketing as well as through display of promotional materials at branches.

(d) and (e): As per Reserve Bank of India (RBI) data on outstanding gross loans and advances of banks, outstanding credit of PSBs has increased from Rs. 66.15 lakh crore as on 31.3.2020 to Rs. 67.70 lakh crore as on 31.3.2021.

Comprehensive steps have been taken by the Government to tackle Non Performing Assets (NPAs) and to effect recovery in outstanding NPAs, which include *inter alia*, the following:

- (1) 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. To make the process more stringent, personal guarantor to corporate debtor has also been brought under the ambit of IBC. Under IBC, resolution plans have been approved in 394 cases up to June 2021, with Rs. 2.45 lakh crore amount realisable by financial creditors.

- (2) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 has been amended to make it more effective, with provision for three months' imprisonment in case the borrower does not provide asset details, and for the lender to get possession of mortgaged property within 30 days.
- (3) As per RBI instructions, wilful defaulters are not sanctioned any additional facilities by banks or financial institutions, and their unit is debarred from floating new ventures for five years.
- (4) Wilful defaulters and companies with wilful defaulters as promoters/directors have been debarred from accessing capital markets to raise funds, *vide* Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2016.
- (5) Jurisdiction of Debt Recovery Tribunal (DRTs) was increased from Rs. 10 lakh to Rs. 20 lakh to enable the DRTs to focus on high value cases resulting in higher recovery for the banks and financial institutions. Six new DRTs have also been established to expedite recovery.
- (6) With Government infusion supplementing the raising of capital by PSBs from market, PSBs have achieved a high provisioning coverage ratio of 83.7% as on 31.3.2021, equipping them to take decision on resolution of NPAs without being constrained on account of such decision impacting their profitability.
- (7) Key reforms have been instituted in PSBs as part of the Public Sector Banks Reforms Agenda, including, *inter alia*, the following:
  - (i) Stressed Asset Management Verticals were set up in banks for focused slippage prevention, recovery arrangement and time-bound action in respect of large-value stressed assets.
  - (ii) 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.
  - (iii) 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.
  - (iv) 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 Rs. 250 crore.
  - (v) To ensure timely and better realisation in one-time settlements (OTSs), end-to-end OTS platforms have been set up in PSBs.

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