

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA

UNSTARRED QUESTION NO.1944

TO BE ANSWERED ON THE 29TH December 2017/ Pausha 8, 1939 (SAKA)

Loan against Brand Value and Promoters Share

1944. DR. KIRIT SOMAIYA:

Will the Minister of FINANCE be pleased to state:

- (a) whether the loan against brand value and promoters share has resulted into NPAs;
- (b) if so, the details thereof;
- (c) whether the Government has received any suggestion to review the acceptance of promoters share as security/collateral security and banning advance against intangible assets, brand value, goodwill, etc.;
- (d) if so, the details thereof; and
- (e) the action being contemplated by the Government to stop financing against brand value, intangible assets, goodwill, etc.?

ANSWER

The Minister of State in the Ministry of Finance
(SHRI SHIV PRATAP SHUKLA)

(a) to (e): Reserve Bank of India (RBI) has informed that the rights, licences, authorisations etc. charged to banks as collateral in respect of projects financed by them, are not reckoned as tangible security. RBI has further informed that banks have been provided operational freedom in dispensation of their credit related matters, as per their Board-approved policies within the broad framework provided by RBI, and banks are free to extend unsecured advances to borrowers. No review in this regard is under consideration.
