

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

UNSTARRED QUESTION NO. 4124

TO BE ANSWERED ON THE 10TH AUGUST 2018 / SHRAVANA 19, 1940 (SAKA)

Disbursement of Working Capital Credit

4124. DR. K. GOPAL:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India's new draft guidelines on the disbursement of working capital credit are likely to hit the liquidity profile of the vulnerable companies, pushing up the default rates;
- (b) if so, the details thereof;
- (c) whether the draft norms propose that banks will have the discretion to stipulate repayment of the loan component in installments or by way of bullet repayment, subject to the tenor not being less than seven days and likely within one year; and
- (d) if so, the details thereof?

ANSWER

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

(a) to (d): The Reserve Bank of India (RBI) has apprised that it has issued the draft guidelines on Loan System for Delivery of Bank Credit. RBI has stated that the draft guidelines are in respect of borrowers having aggregate fund-based working capital limit of ₹150 crore and above, which will typically include mid and large borrowers, who have better projections and management of their cash flows and are less susceptible to the vagaries of business and hence no increase in default rate is envisaged.

RBI has further stated that the amount and tenor of the working capital demand loan as per the draft guidelines may be fixed by banks in consultation with borrowers, subject to tenor being not less than seven days. Banks may decide to split the loan component with different maturity periods as per the need of the borrowers. Also, under the draft guidelines, banks/consortia/syndicates have discretion to stipulate repayment of the loan component in instalments or by way of a bullet repayment, subject to RBI's Income Recognition and Asset Classification and Provisioning (IRAC) norms.

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