

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 572

To be answered on the February 6, 2023/Magha 17, 1944 (Saka)

Corporate Borrowers

572. SHRI MANISH TEWARI:

Will the Minister of FINANCE be pleased to state:

- (a) the details of the top 10 group/corporate borrowers having the highest aggregate exposure from banks and financial institutions along with the bank/financial institutions borrowed from, list/group-wise data;
- (b) whether any non-individual/group borrowers have furnished Legal Entity Identifier (LEI) codes;
- (c) if so, the details thereof;
- (d) whether the Government is planning to put a cap on those groups/entities that debt fund their projects in order to protect banks from risk, if so, the details thereof and if not, the reasons therefor; and
- (e) whether the Government has a plan/policy/ strategy in place to protect financial institutions in the country in case of default or payment delay by large borrowers and if so, the details thereof?

ANSWER

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

(a): Reserve Bank of India (RBI) has informed that under the provisions of section 45E of the Reserve Bank of India Act, 1934, RBI is prohibited from disclosing borrower-wise credit information. However, total exposure to top 10 borrowers summarised in bank-group-wise as on September-2022, as reported in Central Repository of Information on Large Credits (CRILC) database, is at Annex.

(b) & (c): PSBs have informed that 17,234 non-individual / group borrowers have furnished their Legal Entity Identifier (LEI) code.

(d): As per inputs received from RBI, in order to protect banks from risk, it has implemented large exposure framework which limits the exposures that a bank can take to a single counterparty and a group of connected counterparties to 20 per cent (extendable to 25 per cent by the Board of the bank under exceptional circumstances) and 25 per cent, respectively, of the eligible capital base of the bank. Also, as per RBI guidelines, banks are required to have a clear policy regarding the Debt-Equity Ratio for project financing to ensure that promoters bring in equity funds proportionate to bank finance. To address the concentration risk emanating from large exposure to banking system, RBI has stipulated banks to maintain additional provisions of 3 percentage points and additional risk-weights of 75 percentage points over the applicable provision and risk-weights respectively, on the incremental exposures towards specified borrowers having overall aggregate sanction credit limit of ₹10,000 crore.

(e): To protect financial institutions in case of default or payment delay by large borrowers, RBI has taken multiple steps which include, *inter alia*, the following—

- (i) A comprehensive framework has been put in place for early recognition and resolution of stress in the borrower accounts manifesting in payment default providing a principle-based framework for time-bound resolution of large borrowers. Delayed resolution is disincentivised in the form of additional provisioning on the financial institutions;
- (ii) Concrete steps have been taken in resolution of specific, large-value stressed accounts under the provisions of the Insolvency and Bankruptcy Code;
- (iii) Minimum provisioning requirements have been prescribed for both standard advances and non-performing advances which are expected to mitigate the impact of default by large borrowers, on the financial health of the financial institutions;
- (iv) Institution of comprehensive, automated Early Warning Systems (EWS) in banks, with ~80 EWS triggers, use of third-party data and workflow for time-bound remedial actions, to proactively detect stress, reducing slippage into NPAs;
- (v) Regulatory framework for Asset Reconstruction Companies (ARCs) has been amended to strengthen transparency in the ARC sector and to improve the corporate governance standards in ARCs; and
- (vi) Market based mechanisms have been strengthened to enable the financial institutions to better manage the credit risk on their balance sheets through a comprehensive framework for transfer of stressed assets to eligible transferees.

Annex

Lok Sabha Unstarred Question no. 572 for answer on 6.2.2023 regarding “Corporate Borrowers”

Total exposure to top 10 borrowers summarised in bank-group-wise as on September-2022 as reported in Central Repository of Information on Large Credits (CRILC) database

amount in crore ₹

Bank Group	Total Exposure
Public Sector Banks	8,10,941
Private Sector Banks	3,70,973
Foreign Bank Group	88,998
Small Finance Bank Group-Scheduled	692
Scheduled Commercial Banks	12,71,604

Source: RBI
