

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
LOK SABHA
UNSTARRED QUESTION NO-†4811
ANSWERED ON-23.03.2020

Improvement in NBFCs Sector

†4811. SHRI PANKAJ CHAUDHARY:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken/proposed to take any steps for improvements in banking and other financial institutions with a view to strengthen the Indian economy;
- (b) if so, the details thereof;
- (c) the steps being taken by the Government for improvement in NBFCs sector; and
- (d) the steps being taken by the Government to make India 5 trillion dollar economy?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI ANURAG SINGH THAKUR)

(a) to (d): An account regarding steps taken to strengthen the economy, including through improvements in banking and other financial institutions, is given in Economic Survey 2019-20 Volume II in its chapter on the State of the Economy, which details that having duly recognised financial stresses built up in the economy, significant steps have been taken for speeding up the resolution process and easing of credit, particularly for the 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 financial year (FY) 2019-20 and FY2020-21.

Comprehensive steps have been taken for improvements in the banking and NBFCs sectors. These include enactment of the Insolvency and Bankruptcy Code, 2016, launch of PSBloansin59minutes.com and Trade Receivables Discounting System (TReDS) platforms for digital lending, dispensation given to banks to reduce amount of incremental credit disbursed under retail and micro, small and medium enterprises from their net demand and time liabilities for maintenance of cash reserve ratio, empowerment of Boards of Public Sector Banks (PSBs), arm's length appointment of top management in PSBs through Banks Board Bureau, freezing of bank accounts of 3.38 lakh inoperative companies, amendment of the Reserve Bank of India Act to vest the Reserve Bank of India (RBI) with powers to resolve stressed NBFCs, amendment of the National Housing Bank Act, 1987 to vest regulation of housing finance companies with RBI, and

notification of the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 as a framework for insolvency and liquidation proceedings of financial service providers. Further, PSBs have set up retail and MSME loan management systems for reduced loan turnaround time, created technology- and data-driven systems for risk scoring, early warning signals and recovery, set up stressed asset management verticals for arresting slippages and focussed recovery, reformed loan consortiums, instituted risk-based pricing of loans, and commenced specialised monitoring of high-value loans.

A number of steps have been taken by the Government to make India a \$ 5 trillion economy, including, *inter alia*, unveiling of a National Infrastructure Pipeline of more than Rs. 100 lakh crore as an investment plan jointly funded by the Centre, States and the private sector for enhancing infrastructure in identified sectors for the period from 2020 to 2025, and reduction of corporate tax rates to spur investments.
