

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO. 90

TO BE ANSWERED ON THE 19<sup>TH</sup> JULY 2021/ ASHADHA 28, 1943 (SAKA)

Financial Stability Report

90. SHRI RAVNEET SINGH BITTU:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that the latest Financial Stability Report of the Reserve Bank of India has pointed towards incipient signs of stress on consumer credit portfolios of private banks and finance firms including housing finance companies;
- (b) if so, the details thereof;
- (c) whether the Government is taking any appropriate measures to help stabilize the consumer credit portfolios of these financial entities;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

ANSWER

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

(a) and (b): As per Reserve Bank of India's Financial Stability Report (FSR) of July 2021, aggregate consumer credit with 90 days past due balances, in Private Sector Banks and non-banking financial companies (NBFCs) including housing finance companies (HFCs), has increased from 1.2% and 5.3% in January 2020 to 2.4% and 6.7% in January 2021, respectively. However, in Public Sector Banks it has improved from 2.9% to 1.8% during the same period.

(c) to (e): Government and RBI have taken various measures with the objective of alleviating the potential stress to individual borrowers. These include, *inter alia*:

- (i) Reserve Bank of India (RBI), *vide* circular dated 27.3.2020, permitted lenders to grant moratorium of three months on payment of all installments falling due between 1.3.2020 and 31.5.2020. The said moratorium was extended by another three months *i.e.*, up to 31.8.2020;
- (ii) RBI, *vide* circular dated 6.8.2020, on "Resolution framework for COVID-19-related stress", enabled the lenders to implement resolution plans in respect of personal loans (including consumer loans), permitting thereunder, rescheduling of payments and granting of moratorium up to two years;
- (iii) Government, on 23.10.2020, approved the Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months, to borrowers in specified loan accounts (1.3.2020 to 31.8.2020); and
- (iv) RBI, *vide* circular dated 5.5.2021, on "Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses", announced a further set of measures in line with the contours of the Resolution Framework announced on 6.8.2020, with suitable modifications.

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