

Amended Banking Regulation Bill gets elders' nod

The Rajya Sabha on Thursday passed the Banking Regulation (Amendment) Bill, which empowers the Reserve Bank of India to issue instructions to the banks to act against major defaulters.

The Bill, earlier passed by the Lok Sabha, will replace the Banking Regulation (Amendment) Ordinance, 2017.

Replying to a debate on the Bill, Finance Minister Arun Jaitley said there was nothing wrong in banks giving out loans and trying to recover them. It was only on the strength of the banking finance that businesses expanded, jobs were created and the economy moved on.

Responding to demands for making the names of big defaulters public, Mr. Jaitley said it was being done in the case of wilful defaulters. Only in cases of normal commercial transactions were the names not made public. Asked about the Panama cases, he said action had been taken pertaining to all foreign account details that had come.

Bad debts

On the concerns raised by Congress member Jairam Ramesh about rising non-performing assets (NPA), Mr. Jaitley said they stood at Rs. 6.41 lakh crore by March this year. They were growing because of accumulated interests. Along with the stressed assets, they amounted to over Rs. 8 lakh crore.

Some members wondered why the government was extending such powers to the RBI, to which the Finance Minister said the RBI was not merely a regulator.

It also performed other functions like public debt management.

Mr. Jaitley said after the insolvency law, which provides for a window of 180 days for debtors to settle the matter or face eviction and subsequent takeover of management by debt reconstruction companies, things had started improving. Debtors were now coming forward to settle unresolved issues with lenders.

Earlier, in his opening remarks, the Finance Minister identified Steel, Infrastructure, Power and Textiles as the sectors with the most NPAs. Public sector banks were hit the most as big industrial and infrastructure programmes were supported by them in the hope that there would be further expansion.

Due to the import of steel from China, domestic businesses had suffered. However, things were now looking up with the government introducing customs duty and minimum import price. The road sector had also started showing good results. Mr. Jaitley said the earlier rules for debt recovery were time-consuming. The new parallel mechanism was more effective.

'Hasty legislation'

What was the urgency to pass the Bill, he was asked. "It is already too late," Mr. Jaitley said. "The capacity of banks to lend money to small creditors is being impacted, the growth is impacted."

Among those who participated in the debate were Samajwadi Party's Naresh Agrawal, AIADMK's N. Gokulakrishnan, TMC's S.S. Roy, JD (U)'s Harivansh, CPI(M)'s Tapan Kumar Sen, BSP's Veer

Singh and BJD's Sarojini Hembram.

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