

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:7225  
ANSWERED ON:12.05.2000  
LOANS TO PRIVATE AIRLINE COMPANIES  
MANSINH PATEL

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Reserve Bank of India has reviewed the guidelines regarding amendments in the fixed term loans for providing funds to the private airline companies in the country;
- (b) if so, the details thereof;
- (c) whether the RBI had done any consultation with the Ministry of Finance and Air Taxi operators in this regard; and
- (d) if so, the details thereof and the details of the new guidelines issued in this regard?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

- (a) and (b) Reserve Bank of India (RBI) has not issued any separate guidelines to banks regarding financing of private airline companies. RBI has given full operational freedom to Banks in the matter of credit dispensation. The decision regarding financing of a particular economic activity (including Air-line companies) has to be taken by banks themselves based on the lending policy laid down by their respective boards within the framework of prudential regulations and exposure norms prescribed by RBI from time to time.
- (c) and (d) RBI had deliberated during various meetings on the issues relating to financing of Air-lines companies with Government of India (Ministry of Civil Aviation) Banks, Financial Institutions and Airlines Companies way back in the year 1997. According to RBI the consensus of the meeting was that there was no need to lay down special guidelines for financing airline companies as the existing guidelines can take care of the needs of all sectors including financing of Private Airline companies.