

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:258

ANSWERED ON:25.02.2000

CLOSURE OF WEAK BANKS

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

- (a) whether the Association Chambers of Commerce and Industry have criticized the recommendations of CII to close down the weak public sector banks;
- (b) if so, whether the Government have not extended freedom to the banks to recover their dues from the defaulting corporates;
- (c) if so, the new initiatives Government propose to take in this regard?
- (d) the total outstanding Non Performing Assets of Banks and Financial Institutions as on 31 December 1999, sector-wise; and
- (e) the percentage of bank recovery dues written off during the last three years, sector-wise?

**Answer**

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

(a) The CII have withdrawn the recommendations, of a Task Force appointed by it, regarding the closure of the weak public sector banks. There had been varied reactions on the recommendation of C.I.I.The Associated Chambers of Commerce and Industry has reported that they have not criticized any such recommendation.

(b) Banks are totally free to recover their dues from all defaulters.

(c) As per the directions of the Reserve Bank of India/Government of India, the public Sector Banks have taken various steps not only to check the fresh incidence of NPAs but also to ensure recovery of NPAs. These steps include, inter-alia, pursuing recovery through Debt Recovery Tribunals effectively, upgradation of credit appraisal skills, preparation of documents of loan recovery policy, negotiated settlements to ensure maximum recovery at minimum expenses, setting up of Recovery Cells at Head Offices, etc.

(d) The amount of gross NPAs of Public Sector Banks as on 31.3.99 was Rs. 51,711 crores.The amount of NPAs of Financial Institutions as on 31.3.99 was Rs. 16,624 crores.As per the available information, the sector-wise break-up of gross NPAs of Public Sector Banks as on 31.3.99 was as under:-

Name of Sector	Amount (Rs. in crores)
Public Sector Units	Rs. 1495.50
Non-Priority Sector	Rs. 27607.89
Priority Sector	Rs. 22607.11

(e) RBI's data reporting system does not generate this information sector-wise.