

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4229
ANSWERED ON:15.12.2000
NPA OF ICICI
RAGHUNATH JHA

Will the Minister of FINANCE be pleased to state:

- (a) Whether the attention of the Government has been drawn to the news-item captioned 'ICICI understates NPAs : Credit Lyonnais _ Actual figure may touch 26.4% as against declared 9 % in 1999-2000' appeared in the 'Hindustan Time' dated the November 28, 2000;
- (b) If so, the facts of the matter reported therein and the reaction of the Government thereto;
- (c) The reasons for granting more loans to companies which have failed to pay their old loan dues;
- (d) Whether there is any proposal to conduct any inquiry in this regard;
- (e) Whether ICICI comes under the purview of CAG audit;
- (f) If so, whether there is any proposal to conduct a special audit of it by CAG to break the nexus between it and the companies;
- (g) The actual quantum of NPA of ICICI as on date and the reasons for investing in debentures of weak companies indicating quantum of amount invested therein, company-wise; and
- (h) The steps taken by the Government to recover the dues?

Answer

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

(a) Yes, Sir.

(b) to (d): Government has seen the report appeared in the Hindustan Times on 28th November, 2000 regarding NPAs of ICICI. ICICI have reported that its net NPAs at September 30, 2000 were about 7.3% of net loan assets under the existing Generally Accepted Accounting Principles (GAAP) and about 5.9% under USGAAP and that ICICI makes all provision under the Indian GAAP strictly accordance with RBI guidelines.

ICICI has focused on improving incremental asset quality while at the same time tackling the problem of existing NPAs through an approach based on restructuring and settlement. ICICI has attempted to improve incremental asset quality through appropriate structuring mechanism in project finance, focussing on highly rated customers for corporate lending and moving towards retail assets. The focus on top tier corporate has led to improvement in overall asset quality.

(e) to (h) An increasing proportion of ICICI's financing is being provided in the form of debentures. Further as a financial institution, ICICI uses several financing instrument to provide fund to corporate, one of which is preference shares. ICICI has invested under preference shares of companies. However, it not correct to state that many of ICICI's investments in preference shares and debentures are on account of conversion of overdue interest or principal.

Since the Government's holding in ICICI is less than 51%, CAG audit is not applicable to ICICI.