

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1828
ANSWERED ON:01.08.2003
OTS FOR BANKS
T.M. SELVAGANAPATHI

Will the Minister of FINANCE be pleased to state:

- (a) whether there was a lukewarm response to the one time settlement (OTS) scheme announced by the Reserve Bank of India and they had to extend the scheme twice considering the poor response;
- (b) if so, the details thereof;
- (c) whether on the other side the One Time Settlement Scheme announced by the respective public sector banks had received good response; and
- (d) if so, the reasons the RBI's scheme found less takers ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

- (a) & (b): Reserve Bank of India (RBI) has issued non-discretionary and non-discriminatory guidelines for compromise settlement of chronic non-performing assets (NPAs) below Rs. 10 crores applicable to all Public Sector Banks to be implemented uniformly. On the requests received from banks, the time limit for the operation of these guidelines was extended by RBI.
- (c) & (d): All the public sector banks have been advised that CMDs of banks should personally supervise the compromise settlement of chronic NPAs over Rs. 10 crore on case to case basis, and the Board of Directors may evolve policy guidelines regarding one time settlement of NPAs not covered under the revised guidelines for One Time Settlement (OTS). As the scope and coverage of both the schemes differ no comparison between the two schemes can be made.