

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1392
ANSWERED ON:08.03.2002
ONE TIME SETTLEMENT FOR SSI
ARUN KUMAR;UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE be pleased to state:

- (a) the amount recovered by various banks under the Samadhan Scheme;
- (b) whether the Govt have come out with a specific scheme called as one time settlement-II for Small Scale Units whose loan have been categorized as PA;
- (c) if so, the salient features of this scheme;
- (d) the names of the banks have agreed to implement this scheme;
- (e) the number of units which are likely to be covered under this facility;
- (f) whether there is any proposal to make the scheme flexible to suit the needs of the small scale sector; and
- (g) if so, the steps proposed in this regard?

Answer

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

(a) to (c) Reserve Bank of India (RBI), in consultation with Government of India (GOI) issued guidelines to Public Sector Banks for consultation of Settlement Advisory Committees (SACs) and compromise settlement of chronic Non-Performing Assets (NPAs) of small sectors in May, 1999. The guidelines applied to all NPAs in the small scale, namely, Small-Scale Industries Sector, Small Business including Trading and Personal Segments and Agriculture Sector, which are, chronic and at least three years old as on 31st March, 1999. The Bank-wise detail of the recovery under the scheme is given in Statement I. In the light of the need for further bringing down the stock of NPAs, RBI modified the guidelines of May, 1999 and issued revised guidelines to Public Sector Banks in July, 2000 providing a simplified, non-discriminatory and non-discretionary mechanism for recovery of the stock of NPAs in all sectors. The scheme expired on 30th June, 2001. The details of the recovery of dues (bank-wise) relating to the NPAs of Public Sector Banks under the scheme as on 30th September 2001 are given in the Statement II.

RBI in consultation with Gol issued guidelines on 22nd December 2001 to Public Sector Banks for recovery of all loan accounts with outstanding balance upto Rs. 25,000/- The salient features of the guidelines are as under:

- (i) The guidelines will cover all loan accounts with outstanding balance of upto Rs. 25,000/- principal amount (excluding any interest element) in all sectors irrespective of the nature of business or purpose, which have become NPAs as on 31st March 1998;
 - (ii) It will also cover suit-filed and decreed debts. After the settlement is reached, the banks may take appropriate steps for closure of cases in respective courts;
 - (iii) Cases of fraud and malfeasance will not be covered; and
 - (iv) The guidelines will be operative upto 30th June 2002.
- (d) All Public Sector Banks have agreed to implement the scheme.
- (e) to (g) The new scheme covers all sectors irrespective of the nature of business or purpose, which have become NPAs as on 31st March 1998.