

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2685

ANSWERED ON:19.12.2003

ONE TIME SETTLEMENT OF LOAN

AMARSINH VASANTRAO PATIL;CHANDRAKANT BHAURAO KHAIRE;RAMESH CHENNITHALA

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

- (a) whether the public sector banks have adopted and implemented the policy of one time settlement of dues owed by the debtors;
- (b) if so, the details thereof;
- (c) the criteria adopted in arriving at such settlement;
- (d) whether it has come to the notice of the Government that some banks do it in a selective manner;
- (e) if so, the details thereof and the bank-wise complaints received by the Government in this regard; and
- (f) the action taken in such cases?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL):

(a) and (b) RBI has issued revised guidelines for compromise settlement of chronic NPAs of Public Sector Banks on 29th January, 2003. These guidelines will cover all NPAs in all sectors irrespective of the nature of business, which have become doubtful or loss as on 31st March 2000 with outstanding balance of Rs. 10.00 crore and below.

(c) Settlement formula under the OTS Scheme is as under:

(i) NPAs classified as Doubtful or Loss as on 31st March 2000.

The minimum amount that should be recovered under the revised guidelines in respect of compromise settlement of NPAs classified as doubtful or loss as on 31st March 2000 would be 100% of the outstanding balance in the account as on the date of transfer to the protested bills account or the amount outstanding as on the date on which the account was categorised as doubtful NPAs, whichever happened earlier, as the case may be.

(ii) NPAs classified as sub-standard as on 31st March 2000 which became doubtful or loss subsequently. The minimum amount that should be recovered in respect of NPAs classified as sub-standard as on 31st March 2000 which became doubtful or loss subsequently would be 100% of the outstanding balance in the account as on the date of transfer to the protested bills account or the amount as on the date on which the account was categorised as doubtful NPAs, whichever happened earlier, as the case may be, plus interest at existing Prime Lending Rate from 1st April 2000 till the date of final payment.

(d) to (f) Government receives representations/ complaints through various channels on different aspects of operations of public sector banks including the one relating to implementation of One Time Settlement Scheme. These references are sent to concerned banks for taking necessary action as per terms and conditions contained in bank's lending/ recovery policies.