

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1032

ANSWERED ON:28.07.2000

NON PERFORMING ASSETS

A.F. GOLAM OSMANI;INDRAJIT GUPTA;VILAS BABURAO MUTTEMWAR

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

- (a) whether in a bid to tackle the whopping Rs. 51,000 crore non-performing assets in public sector banks, the RBI has formulated guidelines to recover the bad debts;
- (b) if so, the main guidelines formulated by RBI;
- (c) by what time these guidelines are likely to be implemented by the banks;
- (d) if not, the reasons for not adhering to the deadline of July 15, 2000;
- (e) whether the Government have formulated a policy in regard to the interest waiver on bad loans;
- (f) whether the Government have also appointed a seven member group to submit its report in this regard; and
- (g) if so, by what time this group is likely to submit its report ?

**Answer**

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

(a) and (b) Action has been initiated by the Reserve Bank of India to tackle the problem of stock of old non-performing assets in public sector banks. The revised guidelines will cover all NPAs in all sectors irrespective of the nature of business which have become doubtful or loss on 31.3.1997 and also NPAs classified as sub-standard as on March 31, 1997 and which have become doubtful or loss subsequently. The guidelines will be non-discretionary and non-discriminatory. Although it was decided to have the guidelines for NPAs with outstanding balance of Rs. 10 crore and below on the cut-off date, the matter has been re-examined and on a review it has been decided to peg the cut-off limit at Rs. 5 crore. Recovery in the NPA accounts over Rs. 5 crore will have to be personally monitored and followed up by the CEO in accordance with the policy laid down by the Board of Directors.

(c) and (d) In view of the consultative process involved in the finalization of the guidelines, it was not possible to finalize and issue the guidelines by July 15, 2000 as originally anticipated. The guidelines have now been finalized and action has been initiated by RBI to issue guidelines relating to recovery of outstanding amount in NPAs covering all sectors. The banks are expected to address the problem of non-performing assets on the basis of these guidelines.

(e) No, Sir.

(f) No, Sir.

(g) Does not arise.