

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:139

ANSWERED ON:27.11.2009

NPAS OF BANKS

Sharma Shri Jagdish;Singh Shri Rajiv Ranjan (Lalan)

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

- (a) the acceptable limit of Non-Performing Assets (NPAs) of the Public Sector Banks (PSBs) and the details of the total amount of credit given by PSBs during each of the last three years;
- (b) the details of NPAs of PSBs in agriculture, industry, trade and service sectors during the said period, bank-wise and sector-wise;
- (c) the details of the NPAs of PSBs recovered and written off during the same period bank-wise and sector-wise;
- (d) whether the system of recovery of NPAs of PSBs is being implemented effectively;
- (e) if so, the details thereof; and
- (f) the measures taken by the Government to evolve innovative methods for the recovery of NPAs?

**Answer**

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE)

(a) to (f): A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.139 FOR 27th NOVEMBER, 2009 REGARDING NPAs OF BANKS TABLED BY SHRI JAGDISH SHARMA AND SHRI RAJIV RANJAN SINGH ALIAS LALAN SINGH

(a) to (c): Government or Reserve Bank of India (RBI) have not prescribed any specific acceptable limit of non-performing assets (NPAs) for the Public Sector Banks (PSBs). However, Government has been advising the Public Sector Banks (PSBs) to contain their NPAs to the minimum possible level so as to maintain the quality of assets and improve their profitability. Further, the Government has also put in place a mechanism to monitor the overall performance of PSBs on the basis of the 'Statement of Intent on Annual Goals (SOI)' submitted by them on various performance parameters including the NPAs. RBI has also issued a Master Circular on 'Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances' for maintaining the quality of assets and overall strength of the banking system in India. Various balance sheet and profitability indicators viz. Return on Assets (ROA), Net Interest Margin, NPA Ratios, Capital Adequacy Ratio etc. suggest that the Indian banking sector now compares well with the global benchmarks.

The existing Management Information System of RBI does not generate the data in the desired manner. However, the details of bank-wise outstanding advances and NPAs of PSBs as at the end of March 2007, 2008 and 2009 are at Annex I. The bank-wise data on NPAs to non-priority sector, agriculture, SSI and other priority segments under priority sector of PSBs as at end March 2007, 2008 and 2009 are at Annex-II. The amount of NPAs recovered and written-off by PSBs during 2007, 2008 and 2009 are given in Annex-III.

(d) to (f) : Government and RBI have put in place a comprehensive legal and institutional framework for recovery of NPAs, which, inter-alia, include prudential norms for provisioning and classification of NPAs, guidelines for prevention of slippages, Corporate Debt Restructuring and other restructuring Schemes, One Time Settlement schemes, the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 and the Recovery of Debts due to Banks and Financial Institutions (DRT) Act, 1993. The PSBs manage their NPAs and effect recoveries in these accounts in accordance with their recovery policies and RBI guidelines.

As a result of the various measures adopted by the PSBs for recovery of their NPAs, the level of NPAs of PSBs has declined substantially. The gross NPAs of the public sector banks, which were as high as 17.8 per cent at end-March 1997, declined significantly to 2.08 per cent as at end-March 2009. The net NPAs of these banks declined from 9.2 per cent to 0.99 per cent during the same period.