

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2600

ANSWERED ON:12.03.2010

NPAS OF BANKS

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Will the Minister of FINANCE be pleased to state:

- (a) the details of the Non-Performing Assets (NPAs) of Public Sector Banks (PSBs) and major Private Sector Banks during the last three years and as on date alongwith the total advance made by these banks during the said period, bank-wise ;
- (b) whether a large amount of Non-Performing Assets (NPAs) in PSBs pertain to the Multi National Companies (MNCs) and groups of private companies;
- (c) if so, the details thereof;
- (d) whether loans and other benefits extended to some of major and multinational companies inspite of being in default in the payment in connivance with the bank officials;
- (e) if so, whether any inquiry conducted in this regard;
- (f) if so, the details thereof and the outcome thereof;
- (g) whether some PSBs propose to sell a certain share of their NPAs; and
- (h) if so, the details thereof and the reasons therefor?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a): The details of Non-Performing Assets (NPAs) of Public Sector Banks (PSBs) and major Private Sector Banks as on March 2007, March 2008, March 2009 and December 2009 are given at Annex.

(b) & (c): The Data Reporting System of the Reserve Bank of India (RBI) does not collect the requisite information in the manner asked for.

(d) to (f): Although, there is no specific report about the loans and other benefit being extended to some of major and multinational companies inspite of being in default, RBI has prescribed prudential guidelines for the banks on the exposure norms, capital requirements, asset classification and provisioning requirements in accordance with the best international practices. The complexity in Indian banking system is not very high as banks are not allowed to offer exotic structured products and they can carry out both commercial banking and investment banking simultaneously. The banking system in India is very well regulated.

(g) & (h): In terms of RBI Circular DBOD.BP.BC.16/21.04.048/2005-06 dated July 13, 2005, banks are permitted to undertake sale and purchase of NPAs to other banks, Financial Institutions and Non-Banking Financial Companies. In terms of DBOD.BP.BC.96/21.04.048/2002-03 dated April 23, 2003, banks are also permitted to sell their financial assets to Securitisation Companies / Asset Reconstruction Companies. The aforesaid guidelines on sale/purchase of NPAs were issued in order to increase the options available to banks for resolving them and to develop a healthy secondary market for NPAs.