

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:156

ANSWERED ON:19.11.2010

NPAS OF BANKS

Abdulrahman Shri ;Sidhu Shri Navjot Singh

Will the Minister of FINANCE be pleased to state:

(a) whether the Non-Performing Assets (NPAs) of the public sector banks / financial institutions have increased during the last three years and the current financial year;

(b) if so, the details thereof alongwith the present position of unrecovered loans for the said period, bank-wise and the reasons therefor;

(c) whether the Government has restricted financing to the Real Estate Sector keeping in view the rising NPAs of the said banks due to restructuring of loans to this sector;

(d) if so, the details thereof; and

(e) the remedial measures taken / being taken by the Government in this regard?

Answer

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE)

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

STATEMENT FOR LOK SABHA STARRED QUESTION NO.156 FOR 19TH NOVEMBER, 2010 REGARDING NPAs OF BANKS TABLED BY SHRI NAVJOT SINGH SIDHU AND SHRI ABDUL RAHMAN

(a) & (b): Though the Non-Performing Assets (NPAs) of Public Sector Banks (PSBs) have increased in absolute terms during the last three years, the ratio of Gross NPAs to Gross Advances of PSBs have actually decreased from 2.34% as on 31st March, 2008 to 2.27% as on 31st March, 2010 as reflected in the Table below -

Amount Outstanding at end (Rs. Crore)

Mar-08 Mar-09 Mar-10

Gross NPAs 39,749 44,039 57,301

Total Gross Advances 1,696,333 2,103,763 2,519,331

Gross NPAs to Gross Advances (%) 2.34 2.09 2.27

The increase in NPAs, in absolute terms, is broadly on account of the consolidated impact of business cyclically, economic slowdown, delay in implementation of projects and consequent repeated restructuring of accounts by banks, credit growth across the banking industry during the last few years.

The bank-wise details of gross NPAs of PSBs in absolute and percentage terms for the last three years are given at Annex-I. The Gross NPAs of Financial Institutions (FIs), in absolute terms and ratio of Gross NPAs to Gross Advances, are given at Annex-II.

(c): No, Sir. The Government has not imposed any restrictions on financing to Real Estate Sector.

(d): Does not arise.

(e): RBI and the Government of India have, over a period of time, provided growing menu of options for facilitating expeditious recovery of NPA dues / NPA resolution, which, inter-alia, include prescribing prudential norms for provisioning and classification of non-performing assets, guidelines for prevention of slippages, Corporate Debt Restructuring and other restructuring schemes, One-Time Settlement schemes, Lok-Adalats, enactment of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, the Credit Information Companies (Regulation) Act, 2005 and the Recovery of Debts due to Banks and Financial Institutions (DRT) Act, 1993 etc.