

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1554

ANSWERED ON:04.03.2011

NPAS OF BANKS QUESTION

Nahata Smt. P. Jaya Prada;Shekhar Shri Neeraj;Singh Shri Yashvir;Sugumar Shri K.

Will the Minister of FINANCE be pleased to state:

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- (a) whether the Non-Performing Assets (NPAs) of the public and private Sector Banks have increased during the last three years and the current financial year;
- (b) if so, the details thereof, Bank-wise and Sector-wise including agriculture, Industry, real estate etc. and the reasons therefor;
- (c) whether the said banks have written off a large amount of their NPAs during the same period;
- (d) if so, the details thereof, Bank-wise and Sector-wise and the reasons therefor;
- (e) whether the Government has sought any clarifications from the said banks for writing off such large amount; and
- (f) if so, the details thereof and if not, the reasons therefor alongwith the corrective steps taken/being taken by the Government to recover NPAs of the said banks?

Answer

MINISTER OF THE STATE IN MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) &(b): Bank and sector wise data on Gross NPAs for the financial years 2007-08, 2008-09, 2009-10 and for the period April-Dec 2010 are given at Annex I & II.

(c) to (e): The bank-wise details of amount written-off by public sector banks during the year ended March 2008, 2009 and 2010 and quarter ended June, 2010 are at Annex III. Banks decide to write-off a loan in terms of their credit / recovery policy as approved by their Board of Directors. However, certain broad guidelines have been given from time to time by Reserve Bank of India (RBI), requiring the banks to apply due-diligence, exhaust all possibilities of recovery, monitoring of such accounts, and delegation of powers etc. relating to writing-off of loans.

(f): To improve the health of financial sector, to reduce the NPAs, to improve asset quality of the banks and to create a good recovery climate, Reserve Bank of India (RBI) and the Government have already taken various steps over the years, 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, 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.