

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2552  
ANSWERED ON:11.03.2011  
DETERIORATION IN ASSET QUALITY OF BANKS  
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**Will the Minister of FINANCE be pleased to state:**

- (a) whether there has been a steady deterioration in asset quality of banks in the last two years on account of heavy stress in credit card and personal loan product segments ;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the remedial measures taken / being taken by the Government in this regard?

**Answer**

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

(a) & (b). Details of overall Gross Non-Performing Assets (NPAs) including Credit Card Receivables and Personal Loans and their ratio of their advances of Scheduled Commercial Banks as at end of March, 2008, 2009 and 2010 are given below:

	Gross NPAs (Rs Crore)		Gross NPA Ratio (%)			
At end	Total	Credit Card	Personal	Total	Credit Card	Personal
	Receivables	Loans	Receivables	Loans		
March 2008	55844	2852	7642	2.39	10.39	3.87
March 2009	68222	5094	11268	2.44	17.01	5.17
March 2010	81816	3653	9897	2.50	16.94	4.85

Source: RBI, off-site returns

It can be seen that the asset quality of banks in respect of NPAs in credit cards and personal loans has been improving as evidenced by decline in Gross NPA ratios as on March 2010 as compared to March, 2009

(c): To improve asset quality of the banks and to create a good recovery climate, the Reserve Bank of India (RBI) and the Government have taken various steps 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.