

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:82

ANSWERED ON:05.08.2011

NPAs OF BANKS

Reddy Shri K. Jayasurya Prakash;Roy Shri Arjun

Will the Minister of FINANCE be pleased to state:

- (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 and the reasons therefor alongwith the details of the banks who have expressed their inability to keep a check on NPAs;
- (c) the increase in the amount and percentage of NPAs in the public sector banks as compared to the private sector banks for the year 2009-10 and 2010-11;
- (d) whether the Reserve Bank of India has granted relief to the said banks on NPAs during the said period;
- (e) if so, the details thereof alongwith the criterion followed for granting such relief; and
- (f) the remedial measures taken / being taken by the Government / RBI in this regard?

Answer

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE)

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

STATEMENT FOR LOK SABHA STARRED QUESTION NO.82 FOR 5th AUGUST, 2011 REGARDING NPAs OF BANKS TABLED BY SHRI K.J.S.P.REDDY AND SHRI ARJUN RAY

(a) to (c): The ratio of Gross Non-Performing Asset (NPA) to Gross Advances of Public Sector Banks (PSBs) increased from 2.09% as on March 31, 2009 to 2.31% as on March 31, 2011 and 2.55% as on June, 2011. While there has been an increase in the Gross NPAs in absolute terms, the same have recorded lower growth of 24.0% during the year 2010-11 as compared to 30.1% during the year 2009-10.

The ratio of Gross NPAs to Gross Advances of New private sector banks decreased from 3.55% as on 31st March, 2009 to 2.62% as on 31st March, 2011. The ratio of Gross NPAs stood at 2.62% as on June, 2011. The ratio of Gross NPAs to Gross Advances of Old private sector banks decreased from 2.36% as on 31st March, 2009 to 1.97% as on 31st March, 2011. Bank group-wise data is as follows:

Amount Outstanding at end (Rs. Crore)

Mar-09 Mar-10 Mar-11 Up to June-11

Gross NPAs

New Private Sector Banks	13,815	13,772	14,277	14,622
Old Private Sector Banks	3,072	3,612	3,695	3,996
Public Sector Banks	44,039	57,301	71,047	78,119

Gross NPAs to Gross
Advances (%)

New Private Sector Banks	3.55	3.22	2.62	2.62
Old Private Sector Banks	2.36	2.31	1.97	2.09
Public Sector Banks	2.09	2.27	2.31	2.55

The increase in NPAs, in absolute terms, has been broadly on account of global economic fluctuations, the consolidated impact of business cyclicity, economic slowdown and delay in implementation of projects due to various reasons requiring consequent repeated restructuring of accounts by banks, across the banking industry during the last few years.

(d) & (e): As per the Reserve Bank of India (RBI) no relief has been granted to the banks on NPAs during the last three financial years.

(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.