

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2746  
ANSWERED ON:09.12.2011  
ASSET QUALITY IN BANKS  
Dhruvanarayana Shri R.

**Will the Minister of FINANCE be pleased to state:**

- (a) whether there has been a steady deterioration in asset quality of banks during the last three 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 Namu Narain Meena)

(a) & (b): The Gross Non Performing Assets (GNPA) to Gross advances ratio of banks has increased from 2.35% at the end of March, 2011 to 2.87% at the end of September, 2011. However, the share of Credit Card NPAs and Personal Loan NPAs in total gross NPAs of banks has declined over the periods from March, 2009 to September, 2011. The details for the last three years and as on September, 2011 is given as under

(Rs. In crore)

As at end of	Gross Advances (%)	Gross NPAs to Gross NPAs (%)	Gross NPAs to Gross NPAs (%)	Impaired Credit Receivables as % of total Gross NPAs	Impaired Credit Card Receivables as % of total Gross NPAs	Impaired Personal Loans as % of total Gross NPAs	Impaired Personal Loans as % of total Gross NPAs
--------------	--------------------	------------------------------	------------------------------	--	---	--	--

March 2009	68,222	2.44	5,094	7.5	11,268	16.5	
------------	--------	------	-------	-----	--------	------	--

March 2010	81,816	2.50	3,653	4.5	9,897	12.1	
------------	--------	------	-------	-----	-------	------	--

March 2011	94,088	2.35	2,946	3.1	9,985	10.6	
------------	--------	------	-------	-----	-------	------	--

September 2011	119,124	2.87	2,660	2.2	11,726	9.8	
----------------	---------	------	-------	-----	--------	-----	--

Source; Latest updated Off-site Returns submitted by banks, provisional and domestic operations

(c): Reserve Bank of India (RBI) has advised banks to have in place Board-approved Policy documenting its credit risk strategy. Besides, they are required to have in place levels of sanctioning authority, loan reviews which pick up early warning signals and suggest remedial measures before an account slips into NPA. Banks are required to monitor NPAs and take steps to bring them down through recovery/other channels. RBI also monitors the NPA levels in banks on an ongoing basis. Wherever rising trends in NPA levels are observed these are taken up by RBI with the banks concerned for reducing the NPAs and the progress is monitored.

The channels of recovery that banks can resort to include through Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, Debt Recovery Tribunals, Lok Adalats etc.