

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:978

ANSWERED ON:10.07.2009

NPAS OF BANKS

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Will the Minister of FINANCE be pleased to state:

- (a) whether the amount given as loans by Public Sector Banks and other financial institutions have been recovered on time;
- (b) if so, the extent of amount recovered during the last three years and the amount declared as Non-Performing Assets (NPAs);
- (c) the details of the defaulters in this regard and the steps taken to recover the amount from them; and
- (d) the estimated amount of interest lost due to NPAs by the Public Sector Banks / Financial Institutions?

Answer

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

(a) to (c) The public sector banks (PSBs) and financial institutions always strive to recover their loans in time, according to the repayment schedule of the loans, their loan recovery policies and the extant guidelines of Reserve Bank of India (RBI). The PSBs have made recoveries of Rs. 23,210 crore, Rs. 22,148 crore and Rs. 22,127 crore during the years 2005-06, 2006-07 and 2007-08, respectively. The gross non-performing assets (NPAs) of PSBs as at the end of March 2006, 2007 and 2008 stood at Rs. 41,378 crore, Rs. 38,602 crore and Rs. 39,749 crore, respectively. The four public financial institutions (PFIs) namely, EXIM Bank, National Bank for Agriculture and Rural Development (NABARD), National Housing Bank (NHB) and Small Industries Development Bank of India (SIDBI) have made recoveries of Rs. 32,962 crore, Rs. 57,501 crore and Rs. 73,121 crore during the years 2006-07, 2007-08 and 2008-09, respectively. The gross NPAs of PFIs as at the end of March 2007, 2008 and 2009 stood at Rs. 1,060 crore, Rs. 839 crore and Rs. 495 crore, respectively.

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, Government and RBI have put in place an effective institutional mechanism which, inter-alia, includes 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.

(d) The quantum of loss of interest due to NPAs depends upon various factors including the amount of NPAs, period for which the accounts have remained under NPA category, sacrifice in amount of interest in compromise settlements, etc. The existing management information system of RBI does not generate this data.