

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:26

ANSWERED ON:23.11.2012

RECOVERY OF NPAs

Ganpatrao Shri Jadhav Prataprao;Singh Shri Ratan

Will the Minister of FINANCE be pleased to state:

- (a) whether there is any provision for seizure of properties belonging to the companies/individuals against whom Non-Performing Assets (NPAs) of more than Rs. 10 crore and above are pending recovery;
- (b) if so, the details thereof indicating the number of properties so seized and the amount recovered during the last three years and the current year, bank-wise;
- (c) whether properties of some companies against whom loan are outstanding have neither been seized for recovery of NPAs nor any criminal cases filed against them;
- (d) if so, the details thereof and the reasons therefor along with the corrective steps taken by the Government in this regard; and
- (e) the measures taken/being taken by the Government to streamline loan recovery policy and to evolve innovative methods for recovery of NPAs?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT AS REFERRED TO IN REPLY TO PARAS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 26 FOR 23RD NOVEMBER, 2012/ AGRAHAYANA 02, 1934 (SAKA) REGARDING RECOVERY OF NPAs

(a): Sub-Section 4 of Section 13 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) has provision for taking possession of the secured assets of the borrower. Further, Section 25 of the Recovery of Debts due to Banks and Financial Institutions (RDDBFI) Act, 1993 has provision for attachment and sale of the movable or immovable property of the defendant,

(b): Recovery against Non-Performing Assets (NPAs) by Scheduled Commercial Banks through various channels for the last three years is annexed. In all the cases of recovery, taking over of possession or attachment of property may not have been done.

(c): As per RBI guidelines, if a NPA is financially viable and there is likelihood of repayment, the account should be restructured. Viability should be determined by banks based on acceptable viability benchmarks on case to case basis. After above steps or otherwise, if the bank feels that the repayment is not possible then steps for recovery including taking over of possession, are taken as per the recovery policy of the bank.

(d) & (e): Banks have been advised by RBI from time to time, to take effective measures to strengthen the credit appraisal and post-credit monitoring to arrest the incidence of fresh NPAs and adopt a more realistic approach to reduce the existing and chronic NPAs in all categories.

Banks are required to have in place a credit risk strategy policy. Besides, they are required to conduct 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. The Government in its review meetings with Public Sector Banks (PSBs) has stressed the need for adoption of new measures to recover NPAs. The PSBs have started taking recourse to e-Auctions, sharing of credit information through CIBIL, assigning of loss assets on incentive basis to Asset Reconstruction Companies (ARCs), appointing Nodal officer for recovery, special drive for recovery of loss assets and giving weightage to recovery of NPAs in Statement of Intent on annual goals of PSBs.