

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2468

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INCREASE IN NPAS

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Will the Minister of FINANCE be pleased to state:

(a) whether NPAs (Non-Performing Assets) of Public Sector Banks (PSBs) have increased during the last three years and the current-year;

(b) if so, the details thereof, bank-wise, year-wise; and

(c) the steps taken/proposed to be taken by the Government to restrict the NPAs?

Answer

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

(a) & (b): The ratio of Gross Non-Performing Assets (GNPAs) to Gross Advances in respect of Public Sector Banks (PSBs) have increased from 2.28% in March 2010 to 4.01% in September 2012. Bank Group-wise, year-wise details are as under:

Mar10 Mar 11 Mar 12 Sept 12

Nationalised Banks	2.04	1.99	2.67	3.50
SBI Group	2.82	3.12	4.36	5.16
Public Sector Banks	2.28	2.32	3.17	4.01

(c): To improve the health of financial sector, to reduce the NPAs, to improve asset quality of banks and to prevent slippages, Reserve Bank of India (RBI), has issued instructions, which stipulate that each bank is required to have a loan recovery policy which sets down the manner of recovery of dues, targeted level of reduction (period-wise), norms for permitted sacrifice/ waiver, factors to be taken into account before considering waivers, decision levels, reporting to higher authorities and monitoring of write-off/waiver cases. The instructions also stipulate that there should be a Board approved policy in place for valuation of properties including collaterals accepted for their exposures and the valuation should be done by professionally qualified independent valuers.

Banks are required to monitor their NPAs and take steps to bring them down through upgradation /recovery/One Time Settlement. Reserve Bank of India also monitors the NPA levels in banks. This aspect is reviewed during Annual Financial Inspections of banks and monitored on an ongoing basis through regulatory returns submitted by banks and periodical meetings with banks.

The Government has advised Public Sector Banks to take a number of new initiatives to increase the pace of recovery and manage NPAs, which include appointment of Nodal officers for recovery, to conduct special drives for recovery of loss assets, to put in place early warning system, to replace system of post dated cheques with Electronic Clearance System (ECS).