

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:204

ANSWERED ON:23.08.2013

LOAN RECOVERY

Sinh Dr. Sanjay;Yadav Shri Dinesh Chandra

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has any data regarding debt/loan recoverable from various sectors by the Public/Private Sector Banks in the country;
- (b) if so, the details of loan recoverable thereof during each of the last three years and the current year along with the Non Performing Assets (NPAs) in banks pertaining to the Multi National Companies (MNCs) and private companies, bank and sector-wise;
- (c) whether the banks have lent loans and extended other benefits to some of the major /multinational companies in spite of their being in defaulters in re-payment of bank loans;
- (d) if so, the details thereof; and
- (e) the steps taken/being taken by the Government to recover NPAs of the banks at the earliest?

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. 204 FOR 23rd August, 2013 / BHADRAPADA 1, 1935 (SAKA) BY DR SANJAY SINH & SHRI DINESH CHANDRA YADAV

(a) & (b): The bank-wise details of sectoral Gross Non-Performing Assets (NPAs) in respect of Public and Private Sector Banks, as collated by the Reserve Bank of India (RBI), are annexed.

Information specific to the Multi National Companies (MNCs) or private companies, is not collated by the Data Reporting System of Banks.

(c) & (d): There is no specific report about the banks having lent loans and extended other benefits to some of the major/multinational companies in spite of them being defaulters in re-payment of bank loans. As a matter of lending policy, banks do not lend to defaulters. However, in some cases of defaults, banks may finance afresh to restructure the loan in viable projects.

(e): To improve the health of the financial sector, to reduce the NPAs, to improve asset quality of banks, and to prevent slippages, RBI has issued instructions which stipulate that each bank is required to have a robust mechanism for early detection of signs of distress including prompt restructuring in the case of all viable accounts; 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, and reporting to higher authorities; monitoring of write-off/waiver cases; valuation of properties including collaterals accepted for their exposures; and taking recourse to legal mechanisms like SARFAESI Act, 2002, DRTs and Lok Adalats. It has also been advised to review slippages in asset classification in the borrowal accounts with outstanding Rs.5 crore and above by the Board of Directors of the bank and review of top 100 borrowal accounts of below Rs.5 crore in each category of NPA i.e., Sub-standard/Doubtful/Loss by the Management Committee of the Board.

The Government has advised Public Sector Banks (PSBs) 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 drive for recovery of loss assets, to put in place early warning system, to replace system of post dated cheques with Electronic Clearance System (ECS), to constitute a Board level Committee for monitoring of recovery and that the write offs should not be more than the recovery.

Parliament has recently enacted 'The Enforcement of Security Interest and Recovery of Debts Laws (Amendment) Act, 2012' for removing certain bottlenecks in the recovery of bad debts. The Amendment Act has come into force from 15.01.2013.