

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:244

ANSWERED ON:07.02.2014

NPAS

Chaudhary Shri Haribhai Parthibhai; Ganpatrao Shri Jadhav Prataprao

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

- (a) whether the Government, Reserve Bank of India (RBI) has issued various instructions /suggestions including appointment of nodal officers to the Public Sector Banks (PBSs) in order to recover bad loans and manage the Non-Performing Assets (NPAs) in the country;
- (b) if so, the details thereof and the follow up action taken by the PSB thereon, bank-wise;
- (c) the decrease in NPAs, if any, in percentage terms since the appointment of such nodal officers and other such measures taken by the PSB, bank-wise;
- (d) whether the bad assets of the 40 listed banks have increased during the first half of the current financial year; and
- (e) if so, the details thereof along with the names of defaulters and the action taken/being taken to recover the loans from them, bank - wise?

**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. 244 FOR 7TH FEBRUARY, 2014 / 18TH MAGHA, 1935 (SAKA) BY SHRI HARIBHAI CHAUDHARY, SHRI PRATAPRAO GANPATRAO, JADHAO REGARDING NPAs

(a) & (b): The Government, has issued circulars dated 25th October, 2011, February 29, 2012 and June 11, 2012 giving various instructions/suggestions including appointment of nodal officers to the Public Sector Banks (PBSs) in order to monitor the progress/ follow up of cases in the DRTs.

Further, the Government has advised PSBs to take a number of initiatives:

To constitute a Board level Committee for monitoring of recovery, regular meetings of the Committee and monitoring of the NPAs accounts, to increase the pace of recovery and manage NPAs, to conduct special drives for recovery of loss assets, to put in place guidelines for early warning system, to replace system of post dated cheques with Electronic Clearance System (ECS), to designate ARCs as Authorised Officer. Government has instructed PSBs that write-offs should not be more than recovery.

RBI has issued circulars dated July 28 1995, January 4 2007 and September 14 2012 which stipulate that each bank 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, appointment of recovery officers at branches having sizable NPAs, special recovery cells at Regional/Zonal level, valuation of properties including collaterals accepted for their exposures and to have a robust mechanism for early detection of signs of distress including prompt restructuring in the case of all viable accounts.

RBI also advised vide its circular dated November 21, 2012 to strengthen the information sharing mechanism among lenders by making it compulsory for banks to receive/share information on borrowers before sanctioning of loans. In May 2013 RBI amended its guidelines on restructuring of advances based on the report by a Working Group.

Further, the 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.

All PSBs have appointed Nodal Officers and adhere to the above guidelines for monitoring the NPAs.

(c): The GNPA's ratio steadily declined from 15.7 per cent in 1996-97 to 2.35 percent in 2010-11. However, the NPAs have risen to 2.94 per cent as on March 2012 and further to 4.22 per cent as at the end of September 2013 due to sluggishness in the domestic growth during the recent past, slowdown in recovery in the global economy and continuing uncertainty in the global markets leading to

lower exports of various products like textiles, engineering goods, leather, gems, external factors including the ban in mining projects, delay in clearances affecting Power, Iron & Steel sector, volatility in prices of raw material and the shortage in availability of power have impacted the operations in the Textiles, Iron & steel, Infrastructure sectors, delay in collection of receivables causing a strain on various Infrastructure projects, aggressive lending by banks in past. The bank-wise data on Gross NPA and GNPA Ratio is as per Annex I.

The Government of India constituted Cabinet Committee on Investment (CCI) in January 2013 to fast track projects in infrastructure and manufacturing sectors. Through this mechanism, various projects involving investment of more than Rs. 4, 89, 309 crore have been debottlenecked. The details are available on Cabinet Secretariat web portal [www.cabsec.nic.in](http://www.cabsec.nic.in).

The appointment of nodal officers to monitor cases in DRTs by the PSBs has resulted in improvement of recovery as as under:

(Amount in Rs. Crore)

Period	Cases filed for the amount	Amount Recovered
2011-12	16798.93	2642.14
2012-13	24177.00	3557.00

(d) The bad assets of 40 out of 41 listed banks has increased during the first half of current financial year. The bank-wise details bad assets of the 41 listed banks as per Annex II.

(e): The Reserve Bank of India (RBI) collates information from banks and Financial Institutions (FIs) about the list of non-suit filed 'doubtful' and 'loss' borrowal accounts of Rs. 1 crore and above on half-yearly basis (i.e. as on March 31 and September 30) and non-suit filed accounts of wilful defaults of Rs.25 lakh and above on quarterly basis and disseminates to banks and FIs for their confidential use. Section 45 E of the Reserve Bank of India Act, 1934 prohibits the Reserve Bank from disclosing 'credit information' except in the manner provided therein.

However, similar information in respect of suit-filed cases is available with the Credit Information Companies, including CIBIL, for use by banks and FIs. The information on suit filed cases (suit filed cases of wilful default of Rs. 25 lakh and above and suit filed cases of default of Rs. 1 crore and above) are available on the following websites of the four Credit Information Companies: [www.cibil.com](http://www.cibil.com), [www.equifax.co.in](http://www.equifax.co.in), [www.experian.in](http://www.experian.in), [www.highmark.in](http://www.highmark.in).

The various efforts undertaken by banks including recovery to manage the NPAs have been already enumerated in point (a) & (b).