

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:245

ANSWERED ON:13.03.2015

NPA

Mondal Shri Sunil Kumar; Tumane Shri Krupal Balaji

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

(a) whether the Non-Performing Assets (NPAs) of public and private sector banks are on the rise and if so, the details thereof along with the percentage and total amount of credit given/written off by the public and private sector banks to various sectors during each of the last three years and the current year, bank and sector-wise;

(b) whether the Government/RBI have conducted any enquiry to ascertain the role/connivance of employees in the increased NPAs and fraudulent sanction of loans during the same period and if so, the details and outcome thereof;

(c) whether the Government has recently advised the banks to fix responsibility of the employees in cases of bad loans and if so, the details thereof along with the action taken by the banks on such advice till date; and

(d) the measures taken/being taken by the Government to reduce NPAs of the PSUs banks?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

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

STATEMENT AS REFERRED TO IN REPLY TO PARAS (A) TO (D) OF LOK SABHA STARRED QUESTION NO. 245 FOR ANSWER ON 13th MARCH, 2015 / PHALGUNA 22, 1936 (SAKA) REGARDING NPA BY SHRI SUNIL KUMAR MONDAL AND SHRI KRUPAL BALAJI TUMANE.

(a): The bank wise details of Gross NPAs, GNPA Ratio and Total Gross Advances of Public and Private sector banks from April 2011 to Dec. 2014 is as per Annex I and the bank wise details of the written off by PSBs & Private Sector Banks during last three years is as per Annex II. Bank wise data of credit given for priority and non-priority sectors from April 2011 to Dec. 2014 is as per annex - III. Industry wise GNPA ratio of PSBs is given in Annex - IV. Data reporting system of RBI does not collate sector-wise information on written off.

(b) & (c): Main reasons for increase in NPAs of banks, inter-alia, are stalled projects, sluggishness in the domestic growth in the last few years and slowdown in recovery in the global economy. In case where staff connivance is noticed along with borrower, Banks take action as per RBI Master Circular No. DBS.FrMC.BC.No. 1/23.001/2013-14 dated July 01, 2013 on frauds. As per master circular, banks conduct enquiry to fix up staff accountability and impose minor or major penalties depending on merit of each case. In the period from April 2011- December 2014 as per the information provided by Twenty major Public Sector Banks (PSBs), after conducting enquiries into the staff lapses in NPA cases, 470 employees were dismissed, and major and minor penalties were imposed on 5177 and 5811 employees respectively.

(d): Reserve Bank of India (RBI)/Government has taken following measures for recovery of NPAs;

# To have a Board approved loan recovery policy;

# To put in place an effective mechanism for information sharing for sanction of loans;

# Required to have a robust mechanism for early detection of signs of distress including prompt restructuring in the case of all viable accounts;

# Taking recourse to legal mechanisms like SARFAESI Act, 2002, DRTs and Lok Adalats;

# 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 NPA accounts which have registered recoveries of Rs.1 crore and above;

# Management Committee of the Board to review top 100 borrowal accounts of below Rs.5 crore in each category of NPA i.e., Sub-standard/Doubtful/Loss;

# RBI has released guidelines dated 30 January, 2014 for "Early Recognition of Financial Distress, Prompt Steps for Resolution and

Fair Recovery for Lenders: Framework for Revitalizing Distressed Assets in the Economy" suggesting various steps for quicker recognition and resolution of stressed assets:

Creation of a Central Repository of Information on Large Credits (CRILC) by RBI to collect, store, and disseminate credit data to banks on credit exposures of Rs.5 crore and above,

Formation of Joint Lenders Forum(JLF), Corrective Action Plan(CAP), and sale of assets. 254 JLFs have been formed so far for reviewing projects.

# Six new DRTs at Bengaluru, Chandigarh, Dehradun, Ernakulam, Hyderabad, and Siliguri have been sanctioned by the Government, in addition to existing 33 DRTs for faster disposal of recovery cases.

# Government has announced in the Budget Bankruptcy law reform and a task force for creating Financial Redressal Agency to address grievance against all financial service providers.