

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:886

ANSWERED ON:24.07.2015

NPA's

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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has called a meeting of Asset reconstruction Companies (ARCs) and select Public Sector Banks (PSBs) to address the issues related to Non-Performing Assets (NPAs), if so, the details thereof and the outcome of the meetings;

(b) the details of the loans provided, recovered/written off by the PSBs to farmers and corporate houses during the last three years and the current year;

(c) whether the banks prefer to provide loans to corporate houses as compared to farmers despite huge outstanding/recovery of loans from corporate houses during the last three years;

(d) if so, the details thereof along with the list of corporate houses which have not repaid their loans and the loan outstanding against them and the period for which these loans have been outstanding to banks during the said period;

(e) whether the Government has any proposal to introduce penal provisions in the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFESI Act) to proceed against the wilful defaulters; and

(f) if so, the details thereof along with the steps taken/being taken by the Government to recover the NPAs and to prevent the increase of NPAs of banks in future?

Answer

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

(a): Yes, Madam. Government of India had called a meeting of Asset Reconstruction Companies (ARCs) and major Public Sector Banks (PSBs) to discuss the issues arising from Non-performing Assets (NPAs) on June 17, 2015. The views of RBI and IBA have been invited on the outcome of the meetings.

(b): RBI data reporting system does not collate data on loans provided recovered/written off by the PSBs to farmers and corporate houses. However, the details of outstanding loans to Agriculture and Corporate Sector in respect of PSBs is as under:

(Rs. in Crore)

Sector Mar 12 Mar-13 Mar-14 Mar-15

Agriculture 4,72,447 5,34,289 6,40,993 6,83,152

Corporate 21,60,417 24,11,493 26,43,238 27,70,931

Source: RBI

The gross recovery during the last three years and current year in respect of PSBs is as under:

(Rs. in Crore)

Period Actual Recoveries Recoveries due to upgradation Compromise /Write-offs Total NPA Reduction.

2012 17,177 17,272 15,551 50,000

2013 19,832 25,261 27,231 72,324

2014 33,698 32,936 34,409 1,01,043

2015 41,236 32,894 52,542 1,26,672

Source: RBI – global operations

(c): Each bank has its Board approved loan policy in terms of Reserve Bank of India (RBI) guidelines and accordingly the loans are provided by the banks.

(d): The borrower's details are not disclosed as prescribed under Section 45E of the RBI Act, 1934 and the banking laws. However, the details of NPA to Corporate sector is as under:

Mar-14 Mar-15

NPA 1,32,333 1,52,728

NPA Ratio 5.01% 5.51%

Source: RBI – Mar-15 data provisional

(e): There is no such proposal to introduce penal provisions in the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFESI Act) to proceed against the wilful defaulters.

(f): The steps taken by the Government /RBI are as under:

The recovery mechanism in the form of Debt Recovery Tribunals (DRTs), Board for Industrial and Financial Reconstruction (BIFR), Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI) and Central Repository of Information on Large Credits (CRILC) are already in existence. RBI further released guidelines dated 30th January, 2014 for "Early Recognition of Financial Distress, Prompt Steps for Resolution" suggesting various steps with specific timelines for implementation of corrective action

RBI has also introduced flexible structuring of long terms project loans to infrastructure and core industries which takes into account the lifecycle of the project for the purpose of repayment. RBI has also introduced the concept of non-cooperative borrowers where stricter provisioning norms will be applicable for fresh loan to such borrowers. The norms related to Asset Reconstruction Companies for payment in cash to banks for assets purchased has been increased from 5% to 15%.
