

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:344

ANSWERED ON:01.08.2014

LOANS BY PSBS

Khaira Shri Chandrakant Bhaurao;Rajoria Dr. Manoj

Will the Minister of FINANCE be pleased to state:

- (a) the amount of loans provided by the Public Sector Banks (PSBs) to individuals, industries, corporate houses including the details of outstanding loans/Non-Performing Assets (NPA) and its share and percentage, bank-wise during each of the last three years and the current year;
- (b) the progress of the recovery of such loans during the said period;
- (c) whether the Reserve Bank of India (RBI) has instructed PSBs for quicker resolution and management of NPA and if so, the details thereof;
- (d) whether the Banks have been permitted to dilute and decentralize the process of Corporate Debt Restructuring (CDR) at branch level to reduce the NPA; and
- (e) if so, the details thereof and the other measures taken/proposed to be taken to reduce the NPA of Banks?

Answer

FINANCE MINISTER (SHRI ARUN JAITLEY)

(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. ?344 FOR ANSWER ON 1ST AUGUST, 2014 / SHRAVANA 10, 1936 (SAKA) REGARDING LOANS BY PSBs BY DR. MANOJ RAJORIA & SHRI CHANDRAKANT KHAIRE.

(a): The bank-wise details of amount of loan, Gross Non-Performing Assets(GNPA) and GNPA percentage of the Public Sector Banks (PSBs) to individuals, industries, corporate houses categorised under Priority Sector, Other than Priority Sector, Retail loan and corporate sector including the during each of the last three years and current year is as per Annex I.

(b): The progress of recovery of such loans during the said period is as under:

Period 2011 2012 2013 2014

Recovery (Amount in Rs. Crore) 14,122 17,272 19,832 33,486

Source : RBI-Off site Balance Sheet Analysis returns as reported by banks (global operations)

The Bank-wise details are as per Annex II.

(c): 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. The Guidelines, inter-alia, envisaged 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. Detailed guidelines were issued by RBI to banks on May 22, 2014 on Reporting to CRILC. Detailed Guidelines on formation of Joint Lenders' Forum (JLF), Corrective Action Plan (CAP), 'Refinancing of Project Loans', 'Sale of NPAs by Banks' and other regulatory measures were issued by RBI on February 26, 2014 to banks. RBI has also issued instructions on June 26, 2014 on Prudential Norms on Income Recognition and Asset Classification and Provisioning Pertaining to Advances - Projects under implementation.

Reserve Bank of India (RBI) has issued instructions to the Banks 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. Further, Management Committee of the Board should review top 100 borrowal accounts of below Rs.5 crore in each category of NPA i.e., Sub-standard/Doubtful/Loss (75 in each quarter).

(d) & (e): in terms of RBI Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances No. DBOD.No.BP.BC.9/21.04.048/2014-15 dated July 1, 2014 Part B on Prudential Guidelines on Restructuring of Advances by Banks, the restructuring guidelines are divided into four categories; (i) Guidelines on restructuring of advances extended to industrial units (ii) Guidelines on restructuring of advances extended to industrial units under the Corporate Debt Restructuring (CDR) Mechanism (iii) Guidelines on restructuring of advances extended to Small and Medium Enterprises (SME) (iv) Guidelines on restructuring of all other advances. As far as small loans are concerned RBI has not prescribed any board/bank level position at which these loans need to be approved. The operational rules have been left to the concerned banks.

The Government on 26th June, 2014 has suggested banks to give more focussed monitoring in coordination with other members of consortium, assigning the responsibility at the Executive Director level, hiring best lawyers and monitoring their performance in defending bank's interest in the Debt Recovery Tribunals (DRTs) and High Courts. The Government had earlier directed on 21.11.2012 to the PSBs to constitute a Board level Committee for monitoring of NPAs and recovery. Recovery Committee reviews the NPAs periodically.