

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:638

ANSWERED ON:26.02.2016

Non Performing Assets

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Non-Performing Assets (NPAs) of the public and Private Sector Banks (PSBs) are on the rise and if so, the details thereof during each of the last three years and the current year, bank-wise;
- (b) whether the Government has any proposal of setting up of a "bad bank"-one that will absorb NPAs of PSBs and if so, the details thereof along with the time by which the said bank will be set up;
- (c) the details of defaulters whose bad loans of 100 crore or more were recovered/ waived off by PSBs during the said period, bank and State-wise;
- (d) whether the Government has urged upon PSBs to take action against top 50 loan defaulters, especially high end loan defaulters and if so, the details thereof; and
- (e) the other remedial measures taken/ being taken by the Government/Reserve Bank of India to contain NPAs of banks?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

- (a): The details of Non-Performing Assets (NPAs) of the Public Sector Banks (PSBs) and Private Sector banks during each of the last three years and the current year, bank-wise as per Annex I.
- (b): There is no such proposal with the Government.
- (c): The details of defaulters whose bad loans of 100 crore or more were recovered/ waived off by PSBs during the said period, bank-wise is as per Annex-II
- (d) & (e): Banks extend credit to customers based on a contract. A debt contract is one where the borrower raises money with the promise to repay interest and principal according to specified schedule. If the borrower does not meet his promise, he is in default. The default could be for genuine reasons or volitional or fraudulent. To check the incidence of default and facilitate recovery of loans, the Government has instituted legal mechanisms like Debt Recovery Tribunals (DRTs) and SARFAESI Act. Reserve Bank of India (RBI), as the regulator, has inter alia taken the following steps vide circulars issued from time to time (available on RBI website):

To have a board approved loan / recovery policy, putting in place effective mechanism for information sharing among banks for sanction of loans and early detection of signs of distress, Issuance of guidelines regarding early recognition of financial distress, prompt steps for resolution and fair recovery for lenders including creation of a central repository of information on large credits (CRILC) to collect, store and disseminate credit data on credit exposure of Rs. 5 crore and above, Formation of Joint Lenders' Forum (JLF) and Corrective Action Plan (CAP) for speedy resolution, Strategic Debt Restructuring (SDR) scheme enabling change in ownership of borrowing entities, Stipulation of timelines/stage-wise action in the loan life cycle to compress the total time taken by a bank to identify a fraud and aid more effective action by the law enforcement agencies, Guidelines on willful defaulters to disincentivize borrowers who have money and do not pay have been issued, restricting additional facilities to such defaulters, in cases of siphoning of amount, barring of borrowers from institutional finance and criminal action.

ANNEX I TO LS USQ NO. 638