

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:386

ANSWERED ON:19.12.2014

NPAs IN HOUSING SECTOR

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India has lightened the norms for home loan recently in view of the sharp rise in the housing loan sector;
- (b) if so, the details thereof along with the amount of housing loans disbursed/ lying for recovery by the public and private sector banks during the last three years and the current year, bank-wise;
- (c) whether the Government/ Reserve Bank of India has taken any step to contain the NPAs in housing loan sector;
- (d) if so, the details thereof; and
- (e) the steps taken/ being taken by the Government to reduce NPAs in housing loan segment?

Answer

Finance Minister (SHRI ARUN JAITLEY)

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

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO.386 FOR ANSWER ON THE 19 DECEMBER, 2014 REGARDING NPAs IN HOUSING SECTOR.

(a) : In order to have regulated growth of housing loans, RBI has issued the following guidelines which inter alia include:

(i) RBI assessed the risk arising from innovative housing loan schemes, popularly known as 80:20 or 75:25 schemes and advised the banks to link disbursement of housing loans sanctioned to individuals to the stages of construction of housing project/ houses and not to make upfront disbursement in cases of incomplete/ under-construction/ green field housing projects,

(ii) It has also been emphasized that while introducing any kind of product banks should take into account the customer suitability and appropriateness issues and also ensure that the borrowers/ customers are made fully aware of the risks and liabilities under such products.

(b) : A statement showing outstanding housing loan and NPAs thereon at the end of March 2012, March 2013, March 2014 and September, 2014 in respect of Public Sector Banks and Private Sector Banks is at annexure.

(c)to(e): The RBI and Government has taken several steps to reduce NPA which inter alia also include:

(i) Notification of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 and Security Interest (Enforcement) Rules, 2002. The Act has been amended in 2013 to strengthen it further.

(ii) Setting up of Debt Recovery Tribunals to assist speedy recoveries of bank's dues. As on date, there are 33 DRTs and 5 Debt Recovery Appellate Tribunals functioning in different states.

(iii) Settlement of NPA accounts through Lok Adalats.

(iv) Formulation and implementation of Loan Policy, Loan Recovery Policy and One Time Settlement Policy with the approval of the Board of Directors.

(v) Establishment of Recovery Cells at Head Office, fixing of recovery targets for various levels and close monitoring of recovery performance.