

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3359
ANSWERED ON:12.12.2014
MONITORING OF LOAN AMOUNT
Patole Shri Nanabhau Falgunrao

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government ordered for monitoring of loan amount of thirty large debtors during the year 2008-13;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the action taken by the Government in this regard?

Answer

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

(a) to (c) No such monitoring of loan amount of thirty large debtors is done by the Government. However, RBI monitors top thirty Non-Performing Accounts (NPAs) accounts. The year-wise details of top thirty NPAs w.e.f. 2008 to 2013 are as under:

(Amt in Rs. crore)							
	2008	2009	2010	2011	2012	2013	
Top 30 NPAs	5933	13410	12113	14983	29420	43212	
% of Top 30 NPAs to Gross NPAs	24.30%	51.30%	34.20%	34.90%	44.00%	45.00%	
Source: RBI							

Main reasons for increase in NPAs of banks, inter-alia, are sluggishness in the domestic growth during the recent past, slowdown in recovery in the global economy and continuing uncertainty in the global markets. There are five sub-sectors: infrastructure (which includes power generation, telecommunications, roads, ports, airports, railways [other than Indian Railways] and other infrastructure), iron and steel, textiles, mining (including coal) and aviation services which contribute significantly to the level of stressed advances.

To improve asset quality of banks, and to prevent slippages, Reserve Bank of India (RBI) has issued instructions which stipulate that each bank is to have a Board approved loan policy, loan recovery policy, put in place an effective mechanism for information sharing for sanction of fresh loans/ad-hoc loans/renewal of loans to new or existing borrowers, 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.

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.

The Reserve Bank of India has recently released a comprehensive 'Framework for Revitalising Distressed Assets in the Economy'. The Framework outlines a corrective action plan that will incentivise early identification of problem cases, timely restructuring of accounts which are considered to be viable, and taking prompt steps by banks for recovery or sale of unviable accounts. The Government has advised PSBs to constitute a Board level Committee for monitoring of NPAs and recovery, appointment of Nodal officers for recovery at the Head Office/Zonal Office/for each DRT, to conduct special drives for recovery of loss assets, and has instructed PSBs that writes-offs should not be more than recovery.

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. To remove bottlenecks in the recovery of bad debts The Enforcement of Security Interest and Recovery of Debts Laws (Amendment) Act, 2012 has been passed by Parliament and has come into force from 15.01.2013.