

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
LOK SABHA
STARRED QUESTION NO. †*195
ANSWERED ON-2.12.2019

RECOVERY OF BANK LOANS

†*195: SHRIMATI POONAMBEN MAADAM:
SHRIMATI RANJEETA KOLI:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has issued any guidelines to banks with regard to recovery of loans;
- (b) if so, the details thereof along with the names of banks which have ignored the said guidelines;
- (c) the action taken by the Reserve Bank of India against these banks along with the outcome of the said action; and
- (d) the reaction of the Government to the said outcome?

ANSWER

THE FINANCE MINISTER

(SMT. NIRMALA SITHARAMAN)

(a) to (d): A statement is laid on the Table of the House.

Statement as referred to in reply of Lok Sabha Starred Question no. †*195 for answer on 2nd December, 2019/Agrahayana 11, 1941 (Saka) regarding “Recovery of Bank Loans” by SHRIMATI POONAMBEN MAADAM and SHRIMATI RANJEETA KOLI, Hon’ble Members of Parliament

(a) to (d): Reserve Bank of India (RBI) regulates and supervises banking companies under the provisions of Banking Regulation Act, 1949. As per RBI guidelines, banks are required to have a loan recovery policy, duly vetted by their Boards, that set down the manner of recovery of dues, period-wise targeted level of reduction in non-performing assets, etc. A number of recovery mechanism are available to banks to effect recovery, such as filing of a suit in civil courts or in Debts Recovery Tribunals, action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, filing of cases in the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016, through negotiated settlement/compromise, and through sale of non-performing assets. Banks decide upon the best possible recovery mechanism to be adopted in individual cases depending on the merits of each case. Banks have improved their recovery efforts and Scheduled Commercial Banks have recovered an amount of Rs. 4,01,393 crore over the last four financial years, including record recovery of Rs. 1,56,702 crore during FY 2018-19.

With regard to action taken by RBI against banks found non-compliant with RBI’s guidelines, RBI has informed that compliance to RBI guidelines is examined on sample basis during supervisory assessment of banks by RBI and any non-compliance observed is taken up with the banks for rectification apart from initiation of supervisory/enforcement action against the bank by RBI, as it deems fit.
