

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
LOK SABHA
UNSTARRED QUESTION NO-834
ANSWERED ON- 7/2/2022

BANK NPAs

834. SHRI PARVESH SAHIB SINGH VERMA

Will the Minister of FINANCE be pleased to state:-

- (a) the current status of NPAs and bad loans in the banks and Non-Banking Financial Companies (NBFCs);
- (b) the details about the proportion of distribution of bad loans between public and private banks during the last three years;
- (c) the corrective measures taken by the Government to tackle the issue of credit penetration and ensure they do not turn into bad loans; and
- (d) whether the Government is of the view that banks should disclose inspection reports conducted by the Reserve Bank of India and if so, the steps taken by the Government to convince the banks to do so?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

- (a): As per Reserve Bank of India (RBI) data on global operations, gross non-performing assets (GNPAs) of scheduled commercial banks (SCBs) have declined from Rs. 9,33,779 crore (GNPA ratio of 9.07%) as on 31.3.2019 to Rs. 8,00,463 crore (GNPA ratio of 6.93%) as on 30.9.2021. Further, GNPAs of Deposit Taking-NBFCs and Non-Deposit taking Systemically Important-NBFCs were Rs. 1,91,413 crore (GNPA ratio of 6.87%) as on 30.9.2021.
- (b): As per RBI inputs, GNPAs of Public Sector Banks (PSBs) as a proportion to that of SCBs have decreased from 79.2% as on 31.3.2019 to 75.7% as on 31.3.2020 to 73.8% as on 31.3.2021 and further to 72.3% as on 30.9.2021, whereas GNPAs of Private Sector Banks (PVBs) as a proportion to that of SCBs have increased from 19.4% as on 31.3.2019 to 23.0% as on 31.3.2020 to 24.2% as on 31.3.2021 and further to 24.9% as on 30.9.2021.
- (c): Government and RBI have taken several initiatives to increase the credit penetration in the economy, which includes, *inter alia*, the following —
 - i. 44.51 crore accounts opened under Pradhanmantri Jan Dhan Yojana (PMJDY), a scheme with a National Mission for Financial Inclusion to ensure access to financial services, namely, a basic savings and deposit accounts, remittance, credit, insurance, pension in an affordable manner;

- ii. Overdraft facility of limit upto Rs. 10,000 extended to eligible PMJDY account holders;
- iii. The PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi) scheme launched by the Government to help poor street vendors, impacted by COVID-19 pandemic, to resume their livelihood activities has enabled 32.69 lakh street vendors to access credit amounting to Rs. 3,364 crore till 31.1.2022;
- iv. Operationalisation of enhanced access to credit under Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM) and Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM) schemes for self-employment program, under which 78,66,199 and 16,63,704 beneficiaries, respectively have been provided credit facilities in the last three financial years;
- v. Bank credit to Non-Banking Financial Institutions (NBFCs) other than NBFCs-Micro Finance Institutions (MFIs) for on-lending to agriculture, micro and small enterprises, and housing has been made eligible for classification as priority sector;
- vi. Digitalisation in lending to increase reach of institutional credit;
 - a. Initiation of digital lending has been made contactless through *PSBloansin59minutes.com*, to provide online in principle approval of loans to Micro, Small and Medium Enterprises (MSMEs), Home Loans, Personal Loans and Auto Loans to individuals;
 - b. Online bill discounting for MSMEs has been enabled on competitive basis through Public Sector Banks (PSBs) onboarding onto the Trade Receivables Discounting System (TReDS) platform;
 - c. End-to-end automated digital lending has been introduced in larger PSBs for unsecured personal loans (in five PSBs), loans to micro-enterprises ("Shishu Mudra", in five PSBs) and renewals of loans to MSMEs (in three PSBs);
 - d. Customer-need-driven, analytics-base credit offers have been given an impetus, resulting in Rs. 49,777 crore of fresh retail loan disbursements by the seven larger PSBs in the financial year 2020-2021; and
 - e. Setting up of Loan Management Systems and Centralised Processing Centres in Public Sector Banks (PSBs) for improving the turn-around-time (TAT).
- vii. Specific target of 10% of Adjusted Net Bank Credit (ANBC) for small and marginal farmers has been fixed for all commercial banks, to be implemented in phased manner of a four-year period w.e.f. 2020-21 to facilitate the flow of credit of small and marginal farmers;
- viii. Credit Outreach Programme launched by Government on 16.10.2021 to make loans available to eligible borrowers, through special camps across the country by banks under which an aggregate loan amount of Rs. 94,063 crore has been sanctioned up to 26.11.2021, as per inputs from banks; and
- ix. To ensure availability of agriculture credit at a reasonable cost / reduced rate, an interest subvention scheme (2%) for short term crop loans upto Rs. 3 lakh is being implemented through Public Sector Banks and Private Sector Banks (reimbursement through RBI), Regional Rural Banks and Cooperative Banks (reimbursement through NABARD).

Further, several measures have been taken to promote regular repayment and prevent those loan accounts turning into non-performing assets (NPAs), which includes, *inter alia*, the following —

- i. instituting use of third party data sources in PSBs for comprehensive due diligence across data sources at the sanction stage itself, to mitigate risk on account of misrepresentation and fraud;
- ii. classification of accounts as special mentioned accounts (SMA) for early recognition of signs of incipient stress resulting in default in timely servicing of debt obligations, enabling banks to initiate timely remedial actions to prevent their potential slippages into NPAs;
- iii. institution of comprehensive, automated Early Warning Systems (EWS) in banks, with ~80 EWS triggers, using third-party data and workflow for time-bound remedial actions, to proactively detect stress and reducing slippage into NPAs;
- iv. incentivising regular repayment through linking of eligibility for the next cycle of working capital loan with an enhanced limit with on-time or early repayment of existing loan under PM SVANidhi scheme; and
- v. repayment behavior of borrowers in their loan accounts is reported to credit information companies (CICs), and banks include these information in the credit appraisal and decision making process for further sanctioning of loans to borrowers.

(d): As per RBI inputs, the inspection reports of the banks are disclosed by RBI, under the Right to Information (RTI) Act, 2005, after the supervisory process regarding the inspection report of the specific year is completed, as per the procedures laid down under Section 11 and other relevant provisions of the RTI Act, 2005.

