

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:481
ANSWERED ON:28.04.2000
BURGEONING NPAs OF PUBLIC SECTOR BANKS
RAMPAL SINGH;SHYAMA SINGH

Will the Minister of FINANCE be pleased to state:

- (a) whether some public sector banks have decided to take proactive steps to prevent burgeoning of NPAs and also to upgrade the existing substandard assets into standard assets;
- (b) if so, the details thereof;
- (c) the reasons for not taking such steps by all public sector banks;
- (d) whether NPAs of each of the public sector banks as on March 31, 2000 have been worked out; and
- (e) if so, the details thereof, bank-wise?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR) :

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

Statement

(a) to (c) In order to prevent standard assets from becoming sub-standard assets, some public sector banks have taken pro-active steps. These include putting account under special watch if the accounts is irregular at the end of one quarter, credit audit and scanning of the economic environment to look at likely sector related causes for possible slippage of accounts into non-performing assets. These steps are being taken by an increasing number of banks. The steps taken by Public Sector Banks, Reserve Bank of India and Government of India, not only to recover Non Performing Assets (NPAs) but also to check the fresh incidence of NPAs include inter-alia the preparation of a documented loan recovery policy, upgrading credit appraisal skills of the officers by imparting training, etc; strengthening post-sanction follow up and monitoring of performance of accounts at all levels, reduction through negotiated settlement ensuring maximum recovery at minimum cost, strengthening and effectively utilizing the debt recovery tribunal mechanism, setting up of Settlement Advisory Committees headed by a retired Judge of High Court in some banks for settling accounts of large and medium industrial borrowers, Settlement Advisory Committees of executives for settling loans and focusing on recovery by setting up recovery cells at Head Offices, etc.

(d) and (e) NPAs of public sector banks as on 31.3.1999 (latest available) were Rs. 51710.50 crore constituting 15.89% of the gross advances, whereas net NPAs were Rs. 24211-49 crore representing 8.13% of the net advances.