

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2052

ANSWERED ON:31.07.2015

Non-Performing Assets

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**Will the Minister of FINANCE be pleased to state:**

(a) whether the Non-Performing Assets (NPAs) of the Scheduled Commercial Banks are on the rise and if so, the details thereof during each of the last three years and the current year;

(b) whether the rise in the NPAs of the banks will adversely affect the deposits of the account holders and if so, the details thereof;

(c) whether any bank has been found violating norms in providing loans without any collateral security and not complying with the Banking Regulation Act, 1969 resulting in increase of NPAs, if so, the details thereof during the last three years and the action taken by the Government thereon; and

(d) the steps taken/being taken by the Government to check the NPAs of banks and to protect the interest of bank customers?

**Answer**

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

(a): The details of Non Performing Assets (NPAs) of Scheduled Commercial Banks (SCBs) for the last three years is as under:  
(Rs. in Crore)

Period Gross NPAs Gross NPA Ratio

March 2013 1,83,854 3.42%

March 2014 2,51,060 4.11%

March 2015 3,09,409 4.62%

Source: RBI

(b): NPAs have no relation with deposits of the bank

(c): The issue of taking security including guarantee is governed by RBI Master Circular updated on July 1, 2015 on Loans and Advances - Statutory and Other Restrictions which provides a framework of the rules/regulations/instructions issued to Scheduled Commercial Banks on statutory and other restrictions on loans and advances. Banks have to implement these instructions and adopt adequate safeguards in order to ensure that the banking activities undertaken by them are run on sound, prudent and profitable lines. Reserve Bank of India (RBI) has also issued instructions which stipulate that each bank is to have a Board approved loan policy for sanction of loans. The bank's loan policy covers all aspects of due diligence.

d): The steps taken by the Government /RBI to check the NPAs of banks and to protect the interest of bank customers are as under: The recovery mechanism in the form of Debt Recovery Tribunals (DRTs), Board for Industrial and Financial Reconstruction (BIFR), Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI) and Central Repository of Information on Large Credits (CRILC) are already in existence. RBI further released guidelines dated 30th January, 2014 for "Early Recognition of Financial Distress, Prompt Steps for Resolution" suggesting various steps with specific timelines for implementation of corrective action

RBI has also introduced flexible structuring of long terms project loans to infrastructure and core industries which takes into account the lifecycle of the project for the purpose of repayment. RBI has also introduced the concept of non-cooperative borrowers where stricter provisioning norms will be applicable for fresh loan to such borrowers. The norms related to Asset Reconstruction Companies for payment in cash to banks for assets purchased has been increased from 5% to 15%.

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