

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1013

ANSWERED ON:04.12.2015

Inradhanush Plan for PSBs

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has announced a plan called "Inradhanush" to improve the efficiency and functioning of all Public Sector Banks (PSBs) with a view to reduce their Non-Performing Assets (NPAs) and if so, the salient features thereof;
- (b) whether chronic and complex problems in repayment of loans can be attributed to certain flaws in the banking system resulting in piling up of NPAs day by day and if so, the details thereof;
- (c) the details and the status of total NPAs along with the loan amount recovered/ written off during each of the last three year and the current year, bank and State-wise;
- (d) the number of cases in which Strategic Debt Restructuring Scheme Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) have been initiated by the banks of revitalising distressed assets; and
- (e) the other remedial measures taken/ being taken by the Government to reduce NPAs of PSBs?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) & (b): The Government has announced a plan called "Inradhanush" to improve the efficiency and functioning of all Public Sector Banks (PSBs) including a view to reduce their Non-Performing Assets (NPAs). Due to several factors, projects are increasingly stalled/stressed thus leading to NPA burden on banks. Major reasons affecting these projects were delay in obtaining permits / approvals from various governmental and regulatory agencies, and land acquisition, delaying Commercial Operation Date (COD); lack of availability of fuel, both coal and gas; cancellation of coal blocks; closure of Iron Ore mines affecting project viability; lack of transmission capacity; limited off-take of power by Discoms given their reducing purchasing capacity; funding gap faced by limited capacity of promoters to raise additional equity and reluctance on part of banks to increase their exposure given the high leverage ratio; inability of banks to restructure projects even when found viable due to regulatory constraints.

(c): The details are at Annex.

(d): The number of cases in which Strategic Debt Restructuring has been done and cases where action under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) has been initiated by the banks of revitalising distressed assets is as under:

Strategic Debt Restructuring Scheme SARFAESI

No. of Cases 66 317181

(e): The Government has taken various measures which inter alia include giving a one-time financial assistance to revive "physically incomplete and languishing" National Highway (NH) projects, Rs 3.27 lakh crore (from various Financial Institutions including Rs 1.95 lakh crore from banks) debt-recast and reform package to revive loss-making state discoms utilities and customs duty on steel reduced to help reduce adverse impact on domestic steel producers from dumping.

RBI as the regulator has issued guidelines which inter alia provide for early Recognition of Financial Distress, Prompt Steps for Resolution and Fair Recovery for Lenders, Framework for Revitalizing Distressed Assets in the Economy – Review of the Guidelines on Joint Lenders' Forum (JLF) and Corrective Action Plan (CAP).
