

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
LOK SABHA
UNSTARRED QUESTION NO-†4248
ANSWERED ON- 22/03/2021

BANKS NPAs

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Will the Minister of FINANCE be pleased to state:-

- (a) the loan-amount classified as Non-Performing Assets (NPAs) by the Public Sector Banks (PSBs) as on date;
- (b) the details of the recovery rate of NPAs in PSBs during the last three years, bank-wise;
- (c) whether the recovery of NPAs has reduced during the last three years;
- (d) if so, the reasons therefor; and
- (e) the details of the steps taken by the Governments to ensure prompt recovery of the NPAs by the PSBs?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI ANURAG SINGH THAKUR)

(a) to (e): As per Reserve Bank of India (RBI) data, aggregate gross advances of PSBs increased from Rs. 18,19,074 crore as on 31.3.2008 to Rs. 52,15,920 crore as on 31.3.2014. As per RBI inputs, aggressive lending practices during this period along with wilful default/loan frauds/corruption in some cases, economic slowdown *etc.* were observed to be primary reasons for the spurt in the stressed assets. Asset Quality Review (AQR) initiated in 2015 for clean and fully provisioned bank balance-sheets revealed high incidence of NPAs. As a result of AQR and subsequent transparent recognition by banks, stressed accounts were reclassified as NPAs and expected losses on stressed loans, not provided for earlier under flexibility given to restructured loans, were provided for. Further, all such schemes for restructuring stressed loans were withdrawn in the financial year (FY) 2017-18. Primarily as a result of transparent recognition of stressed assets as NPAs, as per RBI data on global operations, gross NPAs of PSBs rose from Rs. 2,79,016 crore as on 31.3.2015, to Rs. 8,95,601 crore as on 31.3.2018, and as a result of Government's strategy of recognition, resolution, recapitalisation and reforms, have since declined to Rs. 6,78,317 crore as on 31.3.2020. As per audited financials of PSBs, it has further declined to Rs. 5,77,137 crore as on 31.12.2020.

With regard to the details of the recovery rate of NPAs, RBI has informed that it has not defined recovery rate in the context of NPAs in the banking sector and the data for the

same is not maintained by it. With regard to the recovery, as per RBI data, PSBs have made a recovery of Rs. 77,563 crore during financial year (FY) 2017-18, Rs. 1,21,076 crore during FY2018-19, and Rs. 1,08,635 crore during FY2019-20.

Government has implemented a comprehensive strategy, consisting of recognition of NPAs transparently, resolution and recovery of value from stressed accounts, recapitalisation of PSBs, and reforms in PSBs and the wider financial ecosystem for a responsible and clean system. Comprehensive steps have been taken for recovery of NPAs, including, *inter-alia*, the following:

- (1) Change in credit culture has been effected, with the Insolvency and Bankruptcy Code (IBC) fundamentally changing the creditor-borrower relationship, taking away control of the defaulting company from promoters/owners and debarring wilful defaulters from the resolution process. As per the Insolvency and Bankruptcy Board of India data, resolution plans under IBC have been approved in 277 cases till September 2020, with Rs. 1.89 lakh crore realisable amount by financial creditors.
- (2) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 has been amended to make it more effective, with provision for three months' imprisonment in case the borrower does not provide asset details, and for the lender to get possession of mortgaged property within 30 days.
- (3) Pecuniary jurisdiction of Debt Recovery Tribunal (DRTs) was increased from Rs. 10 lakh to Rs. 20 lakh to enable the DRTs to focus on high value cases resulting in higher recovery for the banks and financial institutions. Six new DRTs have also been established to expedite recovery.
- (4) Over the last six financial years and the current financial year, Government has infused capital of Rs. 3.24 lakh crore in PSBs, along with PSBs themselves mobilising Rs. 2.77 lakh crore from market in the form of both equity and bonds, and from monetising their non-core assets to extent of Rs. 36,226 crore, enabling PSBs to enable effective resolution of NPAs.
- (5) Key reforms have been instituted in PSBs as part of the Public Sector Banks Reforms Agenda, including, *inter alia*, the following:
 - (i) Stressed Asset Management verticals were set up in banks for focused slippage prevention, recovery arrangement and time-bound action in respect of large-value stressed assets.
 - (ii) Monitoring has been strictly segregated from sanctioning roles in high-value loans, and specialised monitoring agencies combining financial and domain knowledge have been deployed for effective monitoring of loans above Rs. 250 crore.
 - (iii) To ensure timely and better realisation in one-time settlements (OTSs), end-to-end OTS platform have been set up.
