

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO-2143**  
**ANSWERED ON 8<sup>TH</sup> AUGUST, 2023 / SRAVANA 17, 1945 (SAKA)**

**RECOVERY OF LOANS AT DEFAULT**

2143. DR. JOHN BRITTAS

Will the Minister of FINANCE be pleased to state:-

- (a) the rationale behind the recent direction of RBI to banks to go for compromise settlement of fraud accounts and wilful defaults;
- (b) whether such loanees be permitted to take fresh loans after a cooling period of 12 months;
- (c) the reasons for deviation from the earlier stand of RBI that wilful defaulters would not be allowed to access capital markets and take fresh loans;
- (d) the total number and value of NPAs in Public and Private Sector Banks as on 31<sup>st</sup> March, 2014 and as on 31st March, 2023; and
- (e) the percentage-wise share of NPAs vis-à-vis the total loans outstanding as on the said dates?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a): The provision enabling banks to enter into compromise settlement in respect of borrowers categorised as fraud or wilful defaulter is not a new regulatory instruction and has been the settled regulatory stance for more than fifteen years.

(b) and (c): No, sir. The cooling period of 12 months has been introduced as a general prescription for normal cases of compromise settlements, without prejudice to the penal measures applicable in respect of borrowers classified as wilful defaulter or fraud, as per the RBI's Master Circular on Wilful Defaulters dated 1.7.2015, and the Master Directions on Fraud dated 1.7.2016.

(d) and (e): As per RBI data on domestic operation, as on 31.3.2014, there were 73,84,103 non-performing asset (NPA) accounts in public and private sector banks with gross NPAs of Rs. 2,39,477 crore (gross NPA ratio of 4.13%), and as on 31.3.2023, there were 1,88,15,152 NPA accounts with gross NPAs of Rs. 5,53,409 crore (gross NPA ratio of 3.93%) (provisional data on global operations for FY 2022-23).

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