GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA
UNSTARRED QUESTION NO-1826
ANSWERED ON- 19/12/2023

NON-PERFORMING ASSETS UNDER PMEGP

1826. DR. AMAR PATNAIK

Will the Minister of FINANCE be pleased to state:-

(a) the data for the Non-Performing Assets (NPAs) in banks, including those associated with Prime Minister Employment Generation Programme (PMEGP), year-wise for last five years;

(b) whether Government has taken up any study on NPA accounts to understand the reasons behind the high incidence of NPA;

(c) if so, the details of the findings and if not, whether Government plans to take up such a study; and

(d) the measures taken by Government to bring down the level of NPAs in the economy?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (d): As per Reserve Bank of India (RBI) data, gross non-performing assets (NPAs), including those associated with PMEGP, of scheduled commercial banks (SCBs) was Rs. 9,33,779 crore (Gross NPA ratio of 9.07%) as on 31.3.2019, Rs. 8,96,082 crore (Gross NPA ratio of 8.21%) as on 31.3.2020, Rs. 8,35,051 crore (Gross NPA ratio of 7.33%) as on 31.3.2021, Rs. 7,42,397 crore (Gross NPA ratio of 5.82%) as on 31.3.2022, and Rs. 5,71,544 crore (Gross NPA ratio of 3.87%) as on 31.3.2023. It indicates that gross NPAs in SCBs have been declining over the years.

Further, slippage ratios (fresh addition to NPAs as percentage of standard advances at the beginning of the year) of SCBs have declined from 3.74% in financial year (FY) 2019-20 to 2.77% in FY 2020-21 to 2.74% in FY 2021-22 and to 1.78% in FY 2022-23.

Comprehensive measures have been taken by the Government and RBI to bring down the level of NPAs, which include, *inter alia*, the following:

(1) Change in credit culture has been effected, with the Insolvency and Bankruptcy Code, 2016 (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. To make the process more stringent, personal guarantor to corporate debtor has also been brought under the ambit of IBC.
(2) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 has been amended to make it more effective.

(3) The 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.

(4) Under the PSB Reforms Agenda, comprehensive and automated Early Warning Systems (EWS) were instituted in PSBs, with ~80 EWS triggers and use of third-party data for time-bound remedial actions in the borrowing accounts.

(5) PSBs have also created Stressed Asset Management Verticals for stringent recovery, segregated pre- and post-sanction follow-up roles for clean and effective monitoring, and engaging specialised monitoring agencies for monitoring of large-value accounts.

(6) Prudential Framework for Resolution of Stressed Assets was issued by RBI in 2019 to provide a framework for early recognition, reporting and time bound resolution of stressed assets, with a build-in incentive to lenders for early adoption of a resolution plan.

(7) National Asset Reconstruction Company Limited has been set up as an asset reconstruction company with an aim to resolve stressed assets above Rs. 500 crore each. Government has also approved extending a guarantee of up to Rs. 30,600 crore to back Security Receipts issued by NARCL to Lending Institutions for acquiring stressed loan assets.

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