GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO-235

ANSWERED ON TUESDAY, JULY 22, 2025/31 ASHADHA, 1947 (SAKA)

NPAs IN PUBLIC SECTOR BANKS

235. SHRI BABUBHAI JESANGBHAI DESAI

Will the Minister of FINANCE be pleased to state:-

(a) whether Government is wary about rising Non Performing Assets (NPAs) in Public Sector banks, if so, the action taken for speedy recovery thereof;

(b) whether Government is aware that the attached properties with banks are being sold at very cheap rate due to prevalent malpractices and corruption; and

(c) whether Government would take steps to have and appoint more reliable and responsible property valuers to assess property worth while granting loans and during disposing off attached properties, if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a): Gross non-performing assets (NPAs) of public sector banks have been declining during the last five financial years, the details are as under

Amount in crore Rs.

As on	Gross NPAs	Gross NPA Ratio (%)
31.03.2021	6,16,616	9.11
31.03.2022	5,40,958	7.28
31.03.2023	4,28,197	4.97
31.03.2024	3,39,541	3.47
31.03.2025	2,83,650	2.58

Source: RBI (provisional data for FY 2024-25)

Comprehensive measures have been taken by the Government and the Reserve Bank of India (RBI) to recover and reduce NPAs. These measures include, *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. 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 and the Recovery of Debt and Bankruptcy Act have been amended to make it more effective.
(3) Pecuniary jurisdiction of Debt Recovery Tribunal (DRTs) was increased from Rs. 10 lakhs to Rs. 20 lakhs to enable the DRTs to focus on high value cases resulting in higher recovery for the banks and financial institutions.
(4) Public Sector Banks have set-up specialized stressed assets management verticals and branches for effective monitoring and focused follow-up of NPA accounts, which facilitates quicker and improved resolution/ recoveries. Deployment of Business correspondents and adoption of Feet-on-street model have also boosted the recovery trajectory of NPAs in banks.
(5) Prudential Framework for resolution of stressed assets was issued by RBI 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.

(b) and (c): As per RBI guidelines, banks have a board approved policy in place for valuation of properties done by professionally qualified independent valuers. RBI mandates banks to have a procedure for empanelment of professional valuers based on prescribed minimum qualifications and maintain a register of approved list of valuers. Valuation of fixed assets is done before sanction of loan to a borrower as part of the appraisal process and before sale to recover dues under SARFAESI Act, 2002. In order to maintain transparency, for properties valued at Rs 50 crore or above, banks obtain minimum two independent valuation reports. Upon enforcement of security interest for an NPA account, the bank takes possession of the property and obtains valuation from an approved valuer before disposing it off. RBI, vide its guidelines on sale of stressed assets by banks, has stated the use of e-auction as a desirable mode in sale of properties as it would attract a wide variety of borrowers and enable a better price discovery.

As per RBI master circular on Income Recognition, Asset Classification and Provisioning (IRAC) norms dated July 1, 2015, collateral such as immovable properties charged in favour of the bank should be valued once in three years by empanelled valuers. Further, Joint Lenders Forum (JLF) guidelines, issued by RBI in February 2014, empower banks to seek explanation from valuers who overstate security value and henceforth report their names to Indian Banks Association (IBA).

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