

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO-1985#

ANSWERED ON TUESDAY, MARCH 10, 2026/19 PHALGUNA, 1947 (SAKA)

NON PERFORMING RETAIL LOAN ACCOUNTS

1985#. SHRI NEERAJ DANGI:

Will the Minister of FINANCE be pleased to state:-

(a) whether Government has any data regarding the retail loan accounts being declared as NPAs over the last three years, if so, the reasons therefor;

(b) whether there have been cases of mistreatment of retail borrowers by some banks through recovery agents, if so, the action taken against them; and

(c) whether Government is considering to simplify the loan restructuring process for small retail borrowers, if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a): As per the Reserve Bank of India's (RBI) data, for domestic operations, the Gross Non-performing Assets (NPAs) in Scheduled Commercial Banks (SCBs) for retail loans during the last three financial years (FYs) and the current FY till 31.12.2025 (provisional data) are as under.

(Amount in Rs. crore, ratios in %)

As on	Gross NPAs	Gross NPAs to Gross Advances (%)
31.3.2023	42,22,521	1.45
31.3.2024	53,78,126	1.20
31.3.2025	60,04,228	1.18
31.12.2025	66,43,078	1.04

The occurrence of NPAs is a normal albeit undesirable corollary to the business of banking which may be attributed to a confluence of factors, including prevailing macroeconomic conditions, sectoral issues, global business environment, time and cost overruns in project implementation, etc.

(b): As per RBI (Commercial Banks – Responsible Business Conduct) Directions, 2025, banks have to ensure that they or their agents do not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening and/or anonymous calls, persistently calling the borrower and/or calling the borrower before 8:00 a.m. and after 7:00 p.m. for recovery of overdue loans and making false and misleading representations.

Further, RBI has advised banks to take into account the following specific considerations while engaging recovery agents—

- (i) due diligence process in place for engagement of recovery agents, which should be structured to cover, among others individuals involved in the recovery process;
- (ii) for ensuring due notice and appropriate authorisation, banks to inform the borrower details of recovery agency firms/companies while forwarding default cases to the recovery agency;
- (iii) to update details of the recovery agency engaged by banks on the bank's websites;
- (iv) where a grievance/complaint has been lodged, banks shall not forward cases to recovery agencies till they have finally disposed of any grievance or complaint lodged by the borrower concerned;
- (v) terms and conditions of the contract should be strictly in terms of the bank's recovery policy, and should contain provisions regarding (a) notice period before taking possession, (b) circumstances under which the notice period can be waived, (c) procedure for taking possession of the security, (d) provision regarding final chance to be given to the borrower for repayment of loan before the property is sold or auctioned, (e) procedure for giving repossession to the borrower, and (f) the procedure for sale/auction of the property;
- (vi) bank to have mechanism to address borrowers' grievances with regard to the recovery process.

Complaints received regarding violation of the above guidelines and adoption of abusive practices followed by banks' recovery agents are viewed seriously by RBI. Subsequently, RBI may consider imposing a ban on a bank from engaging recovery agents in a particular area, either jurisdictional or functional, for a limited period. In case of persistent breach of above guidelines, RBI may also consider extending the period of ban or the area of ban.

(c): As per RBI's Prudential Framework for Resolution of Stressed Assets Directions 2019, (subsequently consolidated Regulated Entity (RE) wise under RBI (Resolution of Stressed Assets) Directions, 2025 dated 28.11.2025, all REs have been mandated to have a board approved policy on resolution of stressed assets based on RBI's framework, including restructuring for small retail borrowers. Further, RBI also issues special resolution framework at times for small retail borrowers / small business in circumstances such as natural calamities, pandemics, etc.
