

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO.3591
TO BE ANSWERED ON Tuesday, March 24, 2026/ 3 Chaitra, 1948 (Saka)

Twin Balance Sheet Problem

3591 # Dr. Radha Mohan Das Agrawal:

Will the Minister of FINANCE be pleased to state:

- (a) the national and international short-term and long-term implications of twin balance sheet problem in the country and its impact on various elements of the Indian economy; and
- (b) the steps Government has taken to combat this problem and the extent to which this problem has been controlled?

ANSWER

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

(a) The twin balance sheet problem or the simultaneous stress in the balance sheets of banks (due to rising non-performing assets) and corporates (due to high leverage or low profitability and weak repayment capacity) does not exist at present as the balance sheets of both corporates and banks are in a sound position. The Gross Non-Performing Assets (GNPA) ratio of Scheduled Commercial Banks has declined to a multi-decade low of 2.2 per cent as of September 2025. Banks are well-capitalised and profitable, while the corporate sector has exhibited improved profitability. According to the Reserve Bank of India, aggregate corporate profits of listed companies have increased from around ₹2.5 trillion in 2020-21 to ₹7.1 trillion in 2024-25. These developments have supported sustained credit growth and improved investment activity in the economy.

(b) The Government and the Reserve Bank of India have implemented a series of measures for ensuring healthy corporate and bank balance sheets. These include the enactment of the Insolvency and Bankruptcy Code (IBC) 2016, conduct of an Asset Quality Review by the RBI to ensure transparent recognition of stressed assets, establishment of the National Asset Reconstruction Company Limited (NARCL) to aggregate and resolve large legacy stressed assets, recapitalisation of public sector banks, implementation of wide-ranging governance and operational reforms in public sector banks, among others.
