

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES  
LOK SABHA  
UNSTARRED QUESTION NO: 3510  
TO BE ANSWERED ON THE 16<sup>th</sup> MARCH, 2018/PHALGUN 25, 1939 (SAKA)

QUESTION  
ONE TIME SETTLEMENT OF NPAs

**3510: DR. RAVINDRA KUMAR RAY:**  
**SHRI SHER SINGH GHUBAYA:**

Will the Minister of FINANCE be pleased to state:

- a) whether the Government banks have launched One Time Settlement scheme to deal with the problem of Non-Performing Assets (NPAs);
- b) if so, the details thereof; and
- c) the other steps being taken/likely to be taken by the Government to help the banks to deal with the problem of NPAs?

**ANSWER**  
**To be answered by**  
**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE**  
**(SHIV PRATAP SHUKLA)**

(a) and (b): As per instructions of Reserve Bank of India (RBI), banks are required to have a loan recovery policy, which may cover, *inter alia*, negotiated settlements of NPAs. As per inputs received from Public Sector Banks (PSBs), all PSBs have One Time Settlement (OTS) schemes. These OTS schemes are in pursuance of Board-approved policies of banks, and are typically oriented towards sectors such as agriculture, Micro Small and Medium Enterprises (MSMEs), weaker sections and education loans, and typically have an upper limit on the amount of NPA.

(c): Insolvency and Bankruptcy Code, 2016 has been enacted for time-bound resolution of stressed assets. Further, the Banking Regulation Act, 1949 has been amended last year to provide for authorisation by the Government to RBI, for issuing directions to banks to initiate the insolvency resolution process under the Code. Under the provisions of this amending legislation, RBI has issued directions to certain banks for referring 12 accounts, with outstanding amounts greater than Rs. 5,000 crore and with 60% or more classified as non-performing as of 31.3.2016, to initiate insolvency process under the Code. In accordance with these directions banks have filed applications in respect of these accounts before the National Company Law Tribunal. Further keeping in view the enactment of the Code, RBI has recently issued a revised framework for resolution of stressed assets, which provides for time-bound resolution of high-value stressed accounts, requiring filing of insolvency application under the Code in case of non-implementation of Resolution Plan within 180 days. Recovery of loans was being effected under the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interests (SARFAESI) Act and through Debts Recovery Tribunals. SARFAESI Act was amended in 2016 to make it more effective. Further, six new Debts Recovery Tribunals have been established to expedite recovery.

In addition, under the Public Sector Banks (PSBs) Reforms Agenda announced by the Government in January 2018, PSBs have committed, *inter-alia*, to ensure for clean lending, strict segregation of roles for appraisal, monitoring and recovery, online processing of loans, clean consortium lending arrangements, Stressed Asset Management verticals for stringent recovery, and clean post-sanction follow-up for loans above Rs. 250 crore.

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