

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA

UNSTARRED QUESTION NO: 4643
TO BE ANSWERED ON THE 23rd MARCH, 2018/CHAITRA, 1940 (SAKA)

QUESTION
BAD LOAN

4643: SHRI V. ELUMALAI:

Will the Minister of FINANCE be pleased to state:

- (a) whether 9.5 per cent rate of bad loans in banks has put India in the group of those nations that have very high Non-Performing Assets (NPAs) and if so, the details thereof;
- (b) whether India's NPA ratio which excludes the restructured assets that are around 2 per cent higher than NPA is one of the highest in the group of high NPA nations and if so, the details thereof; and
- (c) whether the seriousness of the NPA problem can be gauged by the absolute level of impaired assets in the system and if so, the details thereof?

ANSWER

To be answered by
THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI SHIV PRATAP SHUKLA)

(a): Reserve Bank of India (RBI) has informed that from country-wise data on ratio of non-performing loans to total gross loans available on the International Monetary Fund (IMF) database, it is observed that the ratio for India compares adversely with those of USA, UK, China and Japan.

(b): RBI has informed that the information about restructured assets in other nations is not available. RBI has further apprised that gross Non-Performing Asset (NPA) ratios may not be comparable because of the differences in income recognition and asset classification norms across different jurisdictions. In addition, RBI has informed that as per IMF data on Financial Stability Indicators (FSI), 33 countries (out of countries that have submitted data) had gross NPA ratio higher than that of India.

(c): Earlier, despite repayment not being regular, through flexibility in loan classification, banks continued to classify stressed accounts as non-NPA by restructuring them. An Asset Quality Review, carried out for clean and fully provisioned balance-sheets in 2015, revealed high NPAs. Through realistic recognition, the NPA amounts of PSBs rose from Rs. 2,78,466 crore in March 2015 to Rs. 7,33,137 crore in June 2017. Thus, current NPAs are primarily a manifestation of stressed accounts not having been recognised as NPA earlier.
