

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

UNSTARRED QUESTION NO. †2781

TO BE ANSWERED ON THE 3RD AUGUST 2018/SHRAVANA 12, 1940(SAKA)
Reform in Banks

†2781. SHRIRAJAN VICHARE:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken note of reports from a prominent global rating agency indicating that Non Performing Assets (NPAs) in the Indian banks is much more than expected and tighter regulatory standards continued with generous capital injections should strengthen balance sheets of the banks and there is an urgent need for reforms; and
- (b) if so, the details thereof and the reaction of the Government thereto?

ANSWER

Minister of State in the Ministry of Finance
(SHRI SHIV PRATAP SHUKLA)

(a) and (b): Government has taken note of Standard & Poor's (S&P) Global Ratings, a prominent global rating agency, which states, *inter-alia*, that "the worst is almost over for India's banks". It further states that India is at the tail-end of its bad-loan recognition problem as a stringent non-performing loan recognition coupled with tighter yet faster resolution under India's new bankruptcy law and rebounding corporate profits, will help banks gradually recover from a protracted bad-debt cycle and the Government's ongoing recapitalisation programme of Rs 2.1 lakh crore will help shore up depleted capital positions of the banks. It also states that the Government is working on a four-pronged strategy to improve the health of the banking sector: recognition, resolution, recapitalisation and reform ("4Rs"), and that their stable outlook on the banks reflect their view that the "4Rs" and other initiatives taken by the Government and RBI will strengthen the banking system over the next couple of years.
