

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO: 494
TO BE ANSWERED ON THE 20th JULY, 2018/ASHADHA 29, 1940 (SAKA)

QUESTION
PERFORMANCE OF IDBI

494: ADV. NARENDRA KESHAV SA WAIKAR:

Will the Minister of FINANCE be pleased to state:

- a) whether the Industrial Development Bank of India (IDBI) is suffering from bad loans and if so, the details thereof during the last three years;
- b) whether the Government has reviewed the performance of the bank to find out whether the bad loan suffered by the bank was due to mismanagement or due to the policy of the Government;
- c) if so, the details thereof; and
- d) the corrective measures proposed by the Government in order to safeguard the interest of depositors of IDBI bank?

ANSWER

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

(a) to (c): Under section 35 of the Banking Regulation Act, 1949, the Reserve Bank of India (RBI) conducts on-site inspection of banks every year. As per RBI inputs, there was a sharp increase of 125% in new accretion to Non-Performing Assets (NPAs) of scheduled commercial banks during 2015-16, mainly due to the Asset Quality Review (AQR) undertaken by RBI. Due to AQR and subsequent transparent recognition of NPAs, as per RBI data, gross NPAs of scheduled commercial banks increased by Rs. 7,12,064 crore during the last three financial years (FYs) 2014-15 to FY 2017-18 (provisional data). Out of this, gross NPAs of IDBI Bank Limited increased by Rs. 42,903 crore over the same period. According to RBI, reasons for increase in stressed assets of banks in recent times include, *inter alia*, global economic slowdown, aggressive lending practices during upturn, wilful defaults, etc.

(d): As per RBI inputs, IDBI Bank Limited has been placed under RBI's Prompt Corrective Action (PCA) framework. Under this, RBI has asked the bank, *inter alia*, to improve its provision coverage ratio, reduce its risk-weighted assets and review its business model/strategy and to not take any fresh corporate exposure. RBI is monitoring the bank's progress regularly.
