

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA
UNSTARRED QUESTION NO. †557
TO BE ANSWERED ON THE 20TH JULY 2018/ ASHADHA 29, 1940 (SAKA)
Reform in Indian Banking System

†557. SHRI RAM KUMAR SHARMA:

Will the Minister of FINANCE be pleased to state:

- (a) whether various international financial institutions worldwide have considered reform in Indian banking system essential;
- (b) if so, the reaction of the Government in this regard;
- (c) whether the Non Performing Assets of the banks have increased due to big flaws in the banking system over the years; and
- (d) if so, the details of the said amount in March, 2018 and March, 2015?

ANSWER

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

(a) and (b): In its 2017 Financial Sector Assessment Program (FSAP), the International Monetary Fund and the World Bank have made, *inter alia*, several positive observations regarding progress in strengthening banking regulation and supervision, while also suggesting areas of improvement. Government has welcomed the 2017 FSAP both as a testimony to a sound and vibrant diverse financial system in India as well as for its help in charting the future course.

(c) and (d): Asset Quality Review (AQR) carried out in 2015 for clean and fully provisioned bank balance-sheets revealed high incidence of NPAs. Expected losses on stressed loans, not provided for earlier under flexibility given to restructured loans, were reclassified as NPAs and provided for. Banks initiated cleaning up by recognising NPAs and provided for expected losses.

As per RBI data, the Gross Non Performing Assets of all Scheduled Commercial Banks is Rs. 3,23,464 crore as on 31.3.2015 and Rs. 10,35,528 crore as on 31.3.2018.
