

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO: 622
TO BE ANSWERED ON THE 20th JULY, 2018 / ASHADHA 29, 1940 (SAKA)

QUESTION
NPAs

622:

SHRIMATI VEENA DEVI:

SHRI MD. BADARUDDOZ KHAN:

SHRI K.N. RAMACHANDRAN:

SHRIMATI MAUSAM NOOR:

SHRI KUNWAR PUSHPENDRA

SINGH CHANDEL:

SHRI BHARATH MOHAN R.K.:

SHRI KAUSHALENDRA KUMAR

SHRI PR. SENTHIL NATHAN

PROF. K.V. THOMAS

SHRIMATI V. SATHYABAMA

SHRI K. ASHOK KUMAR

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken serious note on the increasing trends of Non Performing Assets (NPAs) in Public Sector Banks (PSBs) and if so, the total amount of NPAs during the last four years, bank and amount-wise;
- (b) whether the Government has devised a standard method to ascertain the exact volume and value of NPAs and if so, the details thereof along with the stringent measures taken to recover the loan amount from the NPAs and wilful defaulters and the result achieved so far during said period, Bank and amount-wise;
- (c) the number and details of the borrowers where NPAs is Rs. 100 crore or more, bank-wise;
- (d) whether any Committee has been set up to examine the matter and if so, the details thereof;
- (e) whether the Government is considering to provide relief/opportunity to debtors that are willing to repay the loans and if so, the details thereof; and
- (f) the new measures proposed by the Government/Reserve Bank of India to contain the growing percentage of NPAs?

ANSWER

To be answered by

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SHIV PRATAP SHUKLA)

- (a): As per Reserve Bank of India (RBI) data on global operations, bank-wise Gross Non-performing Assets (GNPAs) of Public Sector Banks (PSBs) as on 31.3.2015, 31.3.2016, 31.3.2017 and 31.3.2018, are at Annexure.
- (b): RBI has issued Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances, which provide for classification of loans as NPAs. For

addressing the NPA issue, RBI has put in place several measures, prudential instruction and guidelines for enabling income recognition, consistent and objective identification of assets across the banks and provisioning there against. As per RBI instructions, Banks have established appropriate internal systems (including technology enabled processes) for proper and timely identification of NPAs. Banks undertake various types of audit such as Statutory Audit, Risk Based Internal Audit (RBIA), Concurrent audit, Information Systems (IS) audit and Special Audits to ensure, *inter alia*, regulatory compliance of the Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances. In addition, RBI's inspection highlights any divergences in asset classification and provisioning as assessed by the RBI *vis-à-vis* audited financial statements of banks.

To recover value from NPAs of banks, the Insolvency and Bankruptcy Code, 2016 (IBC) has been enacted for time-bound resolution of stressed assets. Further, the Banking Regulation Act, 1949 has been amended 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, as per RBI's directions, cases have been filed under IBC in the National Company Law Tribunal (NCLT) in respect of 39 large defaulters, amounting to about Rs. 2.69 lakh crore funded exposure. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act has been amended to make it more effective. Further, six new Debts Recovery Tribunals have been established to expedite recovery.

To deter default on the part of wilful defaulters and thereby incentivise recovery, as per RBI's instructions, wilful defaulters are not sanctioned any additional facilities by banks or financial institutions, their unit is debarred from floating new ventures for five years, and lenders may initiate criminal proceedings against them, wherever necessary. As per data reported by PSBs, as on 31.3.2018, 2,323 FIRs have been registered against wilful defaulters, 8,835 suits have been filed for recovery from them, and action has been initiated under the SARFAESI in respect of 7,300 cases of wilful defaulters. Further, SEBI Regulations have been amended to debar wilful defaulters and companies with wilful defaulters as promoters/directors from accessing capital markets to raise funds and IBC has been amended to debar wilful defaulters from participating in the insolvency resolution process.

(c): RBI has informed that as per the provisions of section 45E of the Reserve Bank of India Act, 1934, RBI is prohibited from disclosing credit information, which shall be treated as confidential and not be published or otherwise disclosed.

(d): Government has not set up any committee in this regard.

(e): As per RBI instructions, banks are required to have a loan recovery policy, which may cover, *inter alia*, negotiated settlements of NPAs. As per inputs received from PSBs, all PSBs have One Time Settlement (OTS) schemes, in pursuance of their Board-approved policies which are typically oriented towards sectors such as agriculture, Micro Small and Medium Enterprises (MSMEs), weaker sections and education loans. As per PSB data for OTS/compromise in NPA accounts above Rs. 5 crore outstanding, Rs. 11,148 crore were recovered through OTS/compromise in FY 2017-18.

RBI's Feb 2018 instructions regarding revised framework for resolution of stressed assets provides for a timebound resolution plan approved by the banks against the defaulting entities to initiate steps, including restructuring, to cure the defaults. The new framework for restructuring is not applicable to the micro, small and medium enterprises (MSMEs) with loans of Rs. 25 crore or less.

(f): Government and RBI have taken a number of measures to contain NPAs, as mentioned in the reply to part (b). In addition, under the PSB Reforms Agenda announced by the Government, PSBs have committed to clean and commercially prudent business through Stressed Asset Management Verticals for focussed recovery, rigorous due diligence and appraisal for sanction by scrutinising group balance sheets, at least 10% share in consortium lending, ring-fencing of cash flows, initiating use of technology and analytics for comprehensive due diligence across data sources, building capacity for techno-economic valuation, clean and effective post-sanction follow-up on large-value accounts by tying up with Agencies for Specialised Monitoring, and strict segregation of pre- and post-sanction roles for enhanced accountability. For enabling a clean credit system in future and deterring economic offenders from evading the process of Indian law by remaining outside Indian jurisdiction, Government has introduced the Fugitive Economic Offenders Bill, 2018 to provide for attachment and confiscation of fugitive economic offender's property and has advised PSBs to obtain certified copy of the passport of the promoters/directors and other authorised signatories of companies availing loan facilities of more than Rs. 50 crore and to examine all NPA accounts exceeding Rs. 50 crore from the angle of possible fraud.

Annexure

Lok Sabha Unstarred Question no. 622, for 20.7.2018

Gross Non-Performing Assets of Public Sector Banks

Amounts in crore Rupees

S. No.	Bank	Gross NPA			
		As on 31.3.2015	As on 31.3.2016	As on 31.3.2017	As on 31.3.2018
1	Allahabad Bank	8,358	15,385	20,688	26,563
2	Andhra Bank	6,877	11,444	17,670	28,124
3	Bank of Baroda	16,261	40,521	42,719	56,480
4	Bank of India	22,807	49,879	52,045	62,328

5	Bank of Maharashtra	6,402	10,386	17,189	18,433
6	Canara Bank	13,040	31,638	34,202	47,468
7	Central Bank of India	11,873	22,721	27,251	38,131
8	Corporation Bank	7,107	14,544	17,045	22,213
9	Dena Bank	4,393	8,560	12,619	16,361
10	IDBI Bank Limited	12,685	24,875	44,753	55,588
11	Indian Bank	5,670	8,827	9,865	11,990
12	Indian Overseas Bank	14,922	30,049	35,098	38,180
13	Oriental Bank of Commerce	7,666	14,702	22,859	26,134
14	Punjab & Sind Bank	3,082	4,229	6,298	7,802
15	Punjab National Bank	25,695	55,818	55,370	86,620
16	Syndicate Bank	6,442	13,832	17,609	25,759
17	UCO Bank	10,186	20,908	22,541	30,550
18	Union Bank of India	13,031	24,171	33,712	49,370
19	United Bank of India	6,553	9,471	10,952	16,552
20	Vijaya Bank	2,443	6,027	6,382	7,526
21	State Bank of India (SBI)	56,738	98,185	1,12,343	2,23,427
22	State Bank of Bikaner & Jaipur				Merged in SBI
		2,945	3,603	10,677	
23	State Bank of Hyderabad	4,985	6,591	18,212	
24	State Bank of Mysore	2,136	3,636	9,915	
25	State Bank of Patiala	4,360	6,767	17,847	
26	State Bank of Travancore	2,357	3,200	8,817	
27	Bhartiya Mahila Bank	0	1	55	
