

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA  
UNSTARRED QUESTION NO: 645  
TO BE ANSWERED ON THE 20th JULY, 2018 / ASHADHA 29, 1940 (SAKA)

QUESTION  
NPAs OF CORPORATE HOUSE

**645: DR. P. K. BIJU:**

Will the Minister of FINANCE be pleased to state:

- a) whether the non-repayment of loans by some of the country's biggest corporate houses is the major factor for the huge accumulation of Non-Performing Assets (NPAs);
- b) if so, the details of non-repaid loans, corporate house-wise; and
- c) the measures adopted to recover the loans?

**ANSWER**

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

(a) and (b): As per Reserve Bank of India (RBI) data on global operations, as on 31.3.2018, the aggregate amount of gross NPAs of Scheduled Commercial Banks (SCBs) was Rs. 10,35,528 crore, out of which the aggregate amount of gross NPAs of top 100 NPAs, as reported by SCBs, was Rs. 4,98,790 crore.

As regards corporate house-wise details of loans, RBI has informed that under the provisions of section 45E of the Reserve Bank of India Act, 1934, RBI is prohibited from disclosing credit information. Section 45E provides that credit information submitted by a bank shall be treated as confidential and not to be published or otherwise disclosed.

(c): A number of steps have been taken for recovering value from NPA accounts.

The Insolvency and Bankruptcy Code (IBC) has been enacted to create a unified framework for resolving insolvency and bankruptcy matters. The Banking Regulation Act, 1949 has been amended, to provide for authorisation to RBI to issue directions to banks to initiate the insolvency resolution process under IBC.

Under this, by adopting a creditor-in-saddle approach, with the interim resolution professional taking over management of affairs of corporate debtor at the outset, the incentive to resort to abuse of the legal system has been taken away. This coupled with debarment of wilful defaulters and persons associated with NPA accounts from the resolution process, has affected a fundamental change in the creditor-debtor relationship. Further, 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. In addition, recapitalisation of PSBs, announced and initiated by the Government, has enabled upfront provisioning, easing apprehensions in actively pursuing resolution. As per data reported by PSBs in May 2018, 1,402 cases pertaining to stressed accounts of PSBs, amounting to Rs. 3,44,062 crore, have been admitted in NCLT. Several of these are at an advanced stage, including accounts of high value. Recovery in these has begun, with reported deduction in NPAs of PSBs of Rs. 34,463 crore in the first large-value account. Through these steps, a clean and effective system has been put in place.

Further, the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) has been amended for faster recovery with a provision for three months imprisonment in case the borrower does not provide asset details and for the lender to get possession of mortgaged property within 30 days. Also, six new Debts Recovery Tribunals have been established to expedite recovery.

In addition to the above changes in the financial ecosystem, reforms have been initiated in public sector banks under the PSB reforms Agenda announced by the Government this January. These will help avoid recurrence of a situation of high NPAs and enable resolution/recovery in respect of NPA accounts, PSBs have committed to ensure at least 10% share in consortium lending, ring-fencing of cash flows, strict enforcement of conditions of sanction, engaging specialised monitoring agencies for loans above Rs. 250 crore for clean post-sanction follow up, ensure strict role segregation and setting up of Stressed Asset Management Verticals for stringent recovery.

In addition, under the PSBs Reforms Agenda, PSBs have created Stressed Asset Management verticals for stringent recovery, segregated pre- and post-sanction follow-up roles for clean and effective monitoring, initiated creation of online one-time settlement platforms and committed to monitoring large-value accounts through specialised monitoring agencies.

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