

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

STARRED QUESTION NO: †*179

TO BE ANSWERED ON THE 21ST DECEMBER, 2018/AGRAHAYANA 30, 1940 (SAKA)

QUESTION
NPAs

†*179: SHRI KIRTI AZAD:
DR. BHARATIBEND. SHYAL:

Will the Minister of FINANCE be pleased to state:

- (a) the details of Non Performing Assets (NPAs) as on May, 2014 and from the year 2014 till date, year-wise;
- (b) whether the Government is taking any steps to reduce the said NPAs;
- (c) if so, the details thereof along with the date on which these steps were initiated/implemented and the outcome thereof;
- (d) the details of various panels set up to put a check on NPAs along with the outcome thereof; and
- (e) the details of the amount spent on functioning of such panels, panel/date-wise?

ANSWER
FINANCE MINISTER
(SHRI ARUNJAITLEY)

(a) to (e): A statement is laid on the Table of the House.

Statement as referred to in reply to paras (a) to (e) of Lok Sabha Starred Question no. †*179 for answer on 21st December, 2018/ Agrahayana 30 (Saka), 1940 regarding "NPAs" by SHRI KIRTI AZAD and DR. BHARATIBEND. SHYAL, Hon'ble Member of Parliament

(a) to (e): The gross advances of Scheduled Commercial Banks (SCBs) increased from Rs. 23,33,823 crore as on 31.3.2008 to Rs. 61,00,848 crore as on 31.3.2014, as per the domestic operations data of the Reserve Bank of India (RBI). As per RBI inputs, the primary reasons for spurt in stressed assets have been observed to be, *inter-alia*, aggressive lending practices, wilful default / loan frauds / corruption in some cases, and economic slowdown. Asset Quality Review (AQR) initiated in 2015 for clean and fully provisioned bank balance-sheets revealed high incidence of non-performing assets (NPAs). As a result of AQR and subsequent transparent recognition by PSBs, stressed accounts were reclassified as NPAs and expected losses on stressed loans, not provided for earlier under flexibility given to restructured loans, were provided for. During the financial year 2017-18, all such schemes for restructuring stressed loans were withdrawn. Primarily as a result of transparent recognition of stressed assets as NPAs, gross NPAs of SCBs, as per RBI data on domestic operations, increased from Rs. 2,51,054 crore as on 31.3.2014, to Rs. 3,09,399 crore as on 31.3.2015, Rs. 5,66,247 crore as on 31.3.2016, Rs. 7,28,740 crore as on 31.3.2017, Rs. 9,62,621 crore as on 31.3.2018, and has declined to Rs. 9,46,062 (provisional data) as on 30.9.2018. Public Sector Banks reported record recovery of Rs. 60,713 crore in the first half of the current financial year, double the amount recovered during the first half of the previous financial year. Significant further recovery is expected as a number of high-value accounts are at advanced stages of the resolution process in National Company Law Tribunal. As regards NPAs as on May 2014, RBI has apprised that it does not have information in this regard.

A number of measures have been taken to expedite and enable resolution of NPAs of PSBs over the last four years. The Insolvency and Bankruptcy Code, 2016 (IBC) has been enacted to create a unified framework for resolving insolvency and bankruptcy matters. 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 effected a fundamental change in the creditor-debtor relationship. 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. In exercise of powers under this amendment, RBI directed banks to initiate the insolvency resolution process under IBC before the National Company Law Tribunal in 41 cases, 12 of which had cumulative outstanding amount of Rs. 1,97,769 crore as on 31.3.2017 and the remaining 29 had outstanding amount of Rs. 1,35,846 crore as on 30.6.2017.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 has been amended to make it more effective with 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 Tribunal have been established to expedite 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.

Enabled by these measures, as per RBI data on global operations (with provisional data for September 2018), during the last three and a half financial years, NPAs of SCBs reduced by Rs. 2,83,770 crore due to recoveries.

Action with regard to control and resolution of NPAs has been taken through the above legislative, legal, regulatory and reform measures, and no specific panel has been formed by the Government in this regard.
