

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
LOK SABHA
UNSTARRED QUESTION NO-528
ANSWERED ON- 24/07/2023

RECOVERY OF BAD LOANS

528. SHRI GNANATHIRAVIAM S.
SHRI VIJAYAKUMAR (*ALIAS*) VIJAY VASANTH

Will the Minister of FINANCE be pleased to state:-

- (a) the effective measures adopted by the Union Government to recover the bad loans and NPA amount from corporate companies owing debts to the tune of Rs. 1000 crore or more;
- (b) the total outstanding loan from such customers and the total loan amount recovered during the last nine years; and
- (c) the steps taken to recover the bad loans and to reduce NPA?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (c): As per the Central Repository of Information on Large Credits (CRILC) data, the total funded – amount outstanding of scheduled commercial banks (SCBs) to corporate company borrowers, classified as non-performing assets (NPA) and having amount outstanding of Rs. 1,000 crore or more was Rs. 1,03,975 crore as on 31.3.2023. The Reserve Bank of India (RBI) has apprised that the total loan amount recovered from corporate company borrowers classified as NPAs is not maintained by it.

Comprehensive measures have been taken by the Government and RBI to recover and to reduce NPAs, including those pertaining to corporate companies, which has enabled an aggregate recovery of Rs. 10,16,617 crore (RBI provisional data for FY 2022-23) by SCBs during the last nine financial years. These measures include, *inter alia*, the following:

- (1) Change in credit culture has been effected, with the Insolvency and Bankruptcy Code, 2016 (IBC) fundamentally changing the creditor-borrower relationship, taking away control of the defaulting company from promoters/owners, and debarring wilful defaulters from the resolution process. To make the process more stringent, personal guarantor to corporate debtor has also been brought under the ambit of IBC.
- (2) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 has been amended to make it more effective.
- (3) National Asset Reconstruction Company Limited has been set up as an asset reconstruction company with an aim to resolve stressed assets above Rs. 500 crore

each. Government has also approved extending a guarantee of up to Rs. 30,600 crore to back Security Receipts issued by NARCL to Lending Institutions for acquiring stressed loan assets.

- (4) PSBs have also created Stressed Asset Management Verticals for stringent recovery, segregated pre- and post-sanction follow-up roles for clean and effective monitoring, and engaging specialised monitoring agencies for monitoring of large-value accounts.
- (5) CRILC collects, stores and disseminates credit data to lenders, and banks are required to submit report on weekly basis to CRILC, in case of any default by borrowing entities with exposure of Rs. 5 crore and above.
- (6) Under the PSB Reforms Agenda, comprehensive and automated Early Warning Systems (EWS) were instituted in PSBs, with ~80 EWS triggers and use of third-party data for time-bound remedial actions in the borrowing accounts.
- (7) Wilful defaulters are not sanctioned any additional facilities by banks or financial institutions, and their unit is debarred from floating new ventures for five years.
- (8) Wilful defaulters and companies with wilful defaulters as promoters/directors have been debarred from accessing capital markets to raise funds.
- (9) Prudential Framework for Resolution of Stressed Assets was issued by RBI in 2019 to provide a framework for early recognition, reporting and time bound resolution of stressed assets, with a build-in incentive to lenders for early adoption of a resolution plan.
