

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
LOK SABHA
UNSTARRED QUESTION NO-†2290
ANSWERED ON-2.12.2019

PROPERTY CONFISCATION FOR NPAs

†2290. SHRIMATI ANNPURNA DEVI:

Will the Minister of FINANCE be pleased to state:

- (a) whether property has not been taken over or confiscated in the cases related to recovery of Non-Performing Assets (NPAs);
- (b) if so, the details thereof;
- (c) if not, the value of property taken over/confiscated in the cases related to recovery of NPAs during the last three years and the reaction of the Government thereto; and
- (d) the number of such cases in which property has not been taken over or confiscated with regard to the recovery of NPAs during the last three years?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI ANURAG SINGH THAKUR)

(a) to (d): As per data received from Public Sector Banks (PSBs) for the last three financial years (FY) *i.e.* 2016-17, 2017-18 and 2018-19, 1,73,210 properties having market value of Rs. 2,30,517 crore in respect of 1,45,493 number of NPA accounts has been taken over or confiscated through Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, Debts Recovery Tribunals (DRTs), National Company Law Tribunal, etc. The properties in respect of 64,394 number of NPA accounts have not been taken over or confiscated during the last three financial years which, *inter-alia*, depends on nature/quantum of loan, nature of security, stage of judicial process, etc.

PSBs have also effected record recovery of Rs. 3,35,770 crore over the last four financial years and the first quarter of the current financial year, including record recovery of Rs. 1,27,987 crore during the financial year 2018-19.

Government has implemented a comprehensive 4R's strategy, consisting of recognition of NPAs transparently, resolution and recovery of value from stressed accounts, recapitalising of PSBs, and reforms in PSBs and the wider financial ecosystem for a responsible and clean system. Comprehensive steps have been taken under the 4R's strategy to reduce NPAs of PSBs, including, *inter-alia*, the following:

- (i) Change in credit culture has been effected, with the Insolvency and Bankruptcy Code (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 and debarring them from raising funds from the market.

- (ii) The SARFAESI 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.
- (iii) Suits for recovery of dues are also filed by banks before DRTs. Six new DRTs have been established to expedite recovery.
- (iv) Over the last five financial years including the current financial year till date, PSBs have been recapitalised to the extent of Rs.3.89 lakh crore, with infusion of Rs. 3.13 lakh crore by the Government and mobilisation of over Rs. 0.76 lakh crore by PSBs themselves enabling PSBs to pursue timely resolution of NPAs.
- (v) Key reforms have been instituted in PSBs as part of the PSBs Reforms Agenda, including the following:
 - (a) Board-approved Loan Policies of PSBs now mandate tying up necessary clearances/approvals and linkages before disbursement, scrutiny of group balance-sheet and ring-fencing of cash flows, non-fund and tail risk appraisal in project financing.
 - (b) Use of third-party data sources for comprehensive due diligence across data sources has been instituted, thus mitigating risk on account of misrepresentation and fraud.
 - (c) Monitoring has been strictly segregated from sanctioning roles in high-value loans, and specialised monitoring agencies combining financial and domain knowledge have been deployed for effective monitoring of loans above Rs. 250 crore.
 - (d) To ensure timely and better realisation in one-time settlements (OTSs), online end-to-end OTS platforms have been set up.

Note: Figures cited above for PSBs include those for IDBI Bank Limited, which was recategorised as a private sector bank by RBI with effect from 21.1.2019.
