

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
LOK SABHA
UNSTARRED QUESTION NO-3305
ANSWERED ON-9.12.2019

SELLING OF SBI NPAs

3305. SHRI S. VENKATESAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the State Bank of India has outsourced/sold its Non-Performing Assets (NPAs) in Education Sector to a private company;
- (b) if so, the reasons therefor including the terms of the agreement;
- (c) the amount of NPAs collected by the said company till date and the service charges levied by the company for the collection of NPAs; and,
- (d) the manner in which the said company is likely to recover the loans from the borrowers?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI ANURAG SINGH THAKUR)

(a) and (b): State Bank of India (SBI) has informed that it has sold part of its non-performing education loans to two Asset Reconstruction Companies (ARCs) empanelled with the bank. SBI has further informed that these loans were sold in normal course to ARCs as one of the modes of recovery of stressed assets available to the bank in line with Reserve Bank of India (RBI) guidelines on sale of NPAs to ARCs.

(c) and (d): SBI has informed that till 30.9.2019 the ARCs have collected a total amount of approximately Rs. 239 crore, which is 21% of the total portfolio of its non-performing education loans sold to the two ARCs. SBI has further informed that ARC is entitled to management fee in accordance with the terms of the agreement with the bank.

ARCs are entities regulated by RBI and the recovery process is governed by the provisions of the Securitisation and Reconstruction of Financial Assets Act, 2002 and RBI guidelines on recovery of loans.
