

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
LOK SABHA
UNSTARRED QUESTION NO-1355
ANSWERED ON-10.02.2020

IMPACT OF BANK NPAs

1355. SHRI SUKHBIR SINGH BADAL:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware of the massive joblessness spread in the country due to shutting down of a large number of units because of NPAs/ bad loans or coercive action by Banks; and

(b) if so, the details thereof and the corrective steps taken/proposed to be taken by the Government to arrest the alarming situation?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI ANURAG SINGH THAKUR)

(a) and (b): As per Reserve Bank of India data on global operations, the Non-Performing Assets (NPAs) of Scheduled Commercial Banks have declined by 9.89% during the period from 31.3.2018 to 31.3.2019.

The capital locked up in poorly performing business units in the form of NPAs reduces the flow of credit. Resolution of overdue loans including NPAs under mechanisms such as Insolvency and Bankruptcy Code, 2016 also offers opportunity for revival of business units through entry of new promoters bringing fresh investment and business strengths. In this regard, it is pertinent that under the Code, the focus in the resolution process is on reviving the business unit as a going concern. Further, action taken by banks to resolve NPAs or other stressed loans enables ploughing back of money as fresh credit for productive uses in the economy, which generates new employment opportunities.
