

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
**LOK SABHA**  
**UNSTARRED QUESTION NO-4267**  
ANSWERED ON- 22/03/2021

**STRESSED ASSETS OF NBFCs**

4267. SHRI GNANATHIRAVIAM S.

Will the Minister of FINANCE be pleased to state:-

- (a) whether it is a fact that the stressed assets of the Non-Banking Financial Companies (NBFCs) are likely to touch Rs.1.5 to 2.8 lakh crore of their assets under management by the end of this fiscal;
- (b) whether it is also true that the Reserve Bank of India's one time Covid-19 restructuring window and the micro, small and medium enterprises restructuring scheme will limit their reported gross non performance assets and if so, the details thereof;
- (c) whether it is also true that the asset quality of NBFCs is expected to deteriorate further due to disruption of business operations caused by the Covid pandemic, especially in the industry sector; and
- (d) if so, the details thereof?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI ANURAG SINGH THAKUR)

(a) to (d): The Reserve Bank of India (RBI) is the supervisor of the banking system and releases a Financial Stability Report (FSR), which contains, *inter alia*, its projections of gross non-performing assets (NPAs) based on macro stress tests. While the latest FSR, of January 2021, does not contain projections in respect of overall stressed advances of NBFCs, as per the report, RBI has conducted system level stress tests for the NBFC sector's credit risk for a sample of 200 NBFCs with asset size of more than Rs. 1,000 crore as on 31.3.2020 and under a high risk scenario, system level GNPA of the sector may increase by 1.6% to 8.4%.

As per RBI inputs, the said GNPA ratio has been arrived at without factoring in the impact of the policy actions under way, *viz.*, RBI's resolution framework for COVID-19-related stress and one-time restructuring of loans to micro, small and medium enterprises, which aim to facilitate revival of real sector activities and mitigate the pandemic's impact on borrowers. Under the said framework/scheme, resolution/restructuring of eligible loan accounts are permitted without asset classification downgrade. Therefore, the actual movement of GNPA ratio of NBFCs will depend on the extent to which the benefit of the said framework/scheme is availed of by the eligible borrowers and facilitates revival and mitigates the pandemic's impact on borrowers.

\*\*\*