

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO- 2670

ANSWERED ON MONDAY, MARCH 17, 2025/PHALGUNA 26, 1946 (SAKA)

RECOVERY OF NPA THROUGH SARFAESI ACT

2670. THIRU ARUN NEHRU

Will the Minister of FINANCE be pleased to state:-

- (a) the details of the recovery of bad loans or Non-Performing Assets (NPAs) through mechanisms such as SARFAESI Act and Debt Recovery Tribunals (DRTs) since 2019, year-wise and bank-wise;
- (b) the details of the financial and policy support provided by the Government to public sector banks to address legacy NPAs and improve their balance sheets;
- (c) the initiatives taken to educate small businesses and startups on financial discipline and credit management and the mechanisms that are in place to ensure transparency and accountability in the resolution of NPAs across banks;
- (d) the steps taken by the Government to strengthen credit appraisal systems and reduce the occurrence of fresh NPAs; and
- (e) whether the Government is considering establishment of a centralized database for tracking large borrowers and stressed assets to improve coordination among banks and regulators in future and if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) to (d): Year-wise details of recovery of non-performing assets (NPAs) through the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) and Debt Recovery Tribunals (DRTs) by scheduled commercial banks (SCBs) during the last five financial years are at **Annex**. The Reserve Bank of India (RBI) has apprised that bank-wise information in this regard is not maintained by it.

Subsequent to the Asset Quality Review initiated by RBI, the government initiated 4R's strategy of recognising NPAs transparently, resolving and recovering value from stressed accounts through clean and effective laws and processes, recapitalising public sector banks, and reforms in banks and financial ecosystem to address the problem of rising

NPAs and growing loan default. Enabled by these initiatives, gross NPAs of PSBs have declined to Rs. 3.02 lakh crore (gross NPA ratio of 2.85%) in December 2024 (provisional data) from a peak of Rs. 8.96 lakh crore (gross NPA ratio of 14.58%) in March 2018.

Also, a number of steps have been taken by the government over the last few years under PSB Reforms Agenda to make credit management system in public sector banks robust by adoption of a comprehensive loan lifecycle management system, including an efficient system in loans disbursement and improved underwriting, and these steps include, *inter alia*, —

- (i) introduction of Early Warning Signals (EWS) systems in banks for time-bound remedial actions;
- (ii) adoption of prudential policies to ensure ring-fencing of cash flows;
- (iii) deploying specialised agencies for monitoring and creating stressed asset management verticals for resolution of stressed assets; and
- (iv) improved adherence to risk-based pricing.

Enabled by the aforesaid, PSBs' slippage ratio, *i.e.* fresh occurrence/accretion of NPAs as a percentage of standard advances, has declined to 0.95% in December 2024 (RBI provisional data) from 8.35% in March 2018.

With regard to initiatives taken to educate small businesses and start-ups on financial discipline and credit management, National Centre for Financial Education (NCFE), promoted by financial sector regulators, has developed a financial education handbook for micro, small and medium enterprises (MSMEs). Centres for Financial Literacy (CFLs) and Financial Literacy Centres (FLCs) have also been set up across the country. FLCs Conduct camps, *inter alia*, for farmers, micro entrepreneurs and self-help groups.

With regard to transparency in accountability in resolution of NPAs by banks, as per RBI guidelines, banks are required to have in place a loan recovery policy, duly approved by their respective Boards. Banks initiate measures for recovery or resolution of NPAs in terms of the said policy.

(e): The Central Repository of Information on Large Credits (CRILC) set up by RBI is already in place. CRILC collects, stores and disseminates credit data to lenders. Banks are required to furnish credit information to CRILC regarding all borrowers having aggregate fund and non-fund-based exposure of Rs. 5 crore and above with them on a monthly basis. The information on large borrowers is shared with all the banks to bridge the information gap which helps them in taking informed credit decision.

Lok Sabha unstarred question no. 2670, regarding Recovery of NPA through SARFAESI Act

**Recovery by Scheduled Commercial Banks through Debt Recovery Tribunals
(DRTs) and SARFAESI Act channels**

(Amounts in crore Rs.)

Financial Year	DRTs	SARFAESI Act
2018-19	10,847	38,905
2019-20	9,986	34,283
2020-21	8,113	27,686
2021-22	12,035	27,349
2022-23	39,785	30,957
2023-24	16,202	30,460

Source: RBI (provisional data for 2023-24)
