



Ministry of Finance

# Measures to Recover Loan Amount from NPAs

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Asset Quality Review (AQR) carried-out in 2015 for clean and fully Provisioned Bank Balance-Sheets revealed high incidence of Non-Performing Assets (NPAs). Expected losses on stressed loans, not provided for earlier under flexibility given to restructured loans, were reclassified as NPAs and provided for. Public Sector Banks (PSBs) initiated cleaning-up by recognising NPAs and provided for expected losses. As a result of transparent recognition of stressed assets as NPAs, the aggregate Gross NPAs of PSBs (as per Reserve Bank of India (RBI) data on global operations), have increased from Rs. 2,79,016 crore, as on 31.3.2015 to Rs. 8,95,601 crore, as on 31.3.2018 (provisional data).

As per RBI inputs, list of the banks having NPAs of Rs. 100 crore or more is at Annexure.

A number of measures have been taken to recover loan amount from NPAs, and wilful defaulters. As a result, PSBs recovered an amount of Rs. 1,58,259 crore, during the financial years 2015-16 to 2017-18. To avoid recurrence and for stringent recovery, the Insolvency and Bankruptcy Code, 2016 (IBC) has been enacted to create a Unified Framework for resolving insolvency and bankruptcy matters. The Banking Regulation Act, 1949 was amended, to provide for authorisation to RBI to issue directions to banks to initiate the insolvency resolution process under IBC. Under this, by adopting a creditor-in-saddle approach, with the interim resolution professional taking over management of affairs of Corporate Debtor at the outset, the incentive to resort to abuse of the legal system was taken away. This coupled with debarment of wilful defaulters and persons associated with NPA accounts from the resolution process, has effected a fundamental change in the creditor-debtor relationship. Further, as per RBI's directions, cases have been filed under IBC in the National Company Law Tribunal (NCLT) in respect of 39 large defaulters, amounting to about Rs. 2.69 lakh crore funded exposure (as of December 2017). In addition, recapitalisation of PSBs, announced and initiated by the Government, has enabled upfront provisioning, easing apprehensions in actively pursuing resolution.

Further, the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) has been amended for faster recovery with a 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. Also, six new Debts Recovery Tribunal have been established to expedite recovery.

In addition, under the PSB Reforms Agenda announced by the Government, PSBs have committed to strengthen recovery mechanism by setting-up Stressed Asset Management Verticals for focussed recovery, clean and effective post-sanction follow-up on large-value accounts by tying up with Agencies for Specialised Monitoring for loans of Rs. 250 crore and above, and strict segregation of pre- and post-sanction roles for enhanced accountability.

To reduce incidence of default on account of and to effect recovery from wilful defaulters, as per RBI's instructions, wilful defaulters are not sanctioned any additional facilities by banks or financial institutions, their unit is debarred from floating new ventures for five years, and lenders may initiate criminal proceedings against them, wherever necessary. As per data reported by PSBs, as on 31.3.2018, 2,323 FIRs have been registered against wilful defaulters, 8,835 suits have been filed for recovery from them, and action has been initiated under the SARFAESI in respect of 7,300 cases of wilful defaulters. Securities and Exchange Board of India (SEBI) Regulations have been amended to debar wilful defaulters and companies with wilful defaulters as promoters/directors from accessing capital markets to raise funds. Further, the Insolvency and Bankruptcy Code has been amended to debar wilful defaulters from participating in the insolvency resolution process.

## Annexure

### **List of banks with gross NPAs with outstanding amount greater than Rs. 100 crore as on 31.3.2018 (provisional data), based on off-site returns for global operations submitted by banks to RBI**

1.	Allahabad Bank
2.	Andhra Bank
3.	Axis Bank Limited
4.	Bank of Baroda
5.	Bank of India
6.	Bank of Maharashtra
7.	Canara Bank
8.	Central Bank of India
9.	Cooperatieve Rabobank U.A.
10.	Corporation Bank
11.	Credit Agricole Corporate and Investment Bank

12.	DBS Bank Ltd.
13.	Dena Bank
14.	Deutsche Bank AG
15.	Federal Bank Ltd.
16.	HDFC Bank Ltd.
17.	Hongkong and Shanghai Banking Corpn.Ltd.
18.	ICICI Bank Limited
19.	IDBI Bank Limited
20.	IDFC Bank Limited
21.	Indian Bank
22.	Indian Overseas Bank
23.	IndusInd Bank Ltd.
24.	Jammu & Kashmir Bank Ltd.
25.	Karnataka Bank Ltd.
26.	Karur Vysya Bank Ltd.
27.	Kotak Mahindra Bank Ltd.
28.	Lakshmi Vilas Bank Ltd.
29.	Oriental Bank of Commerce
30.	Punjab and Sind Bank
31.	Punjab National Bank

32.	South Indian Bank Ltd.
33.	Standard Chartered Bank
34.	State Bank of India
35.	Syndicate Bank
36.	The Royal Bank of Scotland Plc
37.	UCO Bank
38.	Union Bank of India
39.	United Bank of India
40.	Vijaya Bank
41.	Yes Bank Ltd.

This was stated by Shri Shiv Pratap Shukla, Minister of State for Finance in written reply to a question in Rajya Sabha today.

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**DSM/RM/KA**

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