

Sharp rise in NPAs of banks

470. SHRI RAM KUMAR KASHYAP : Will the Minister of FINANCE be pleased to state:

(a) whether Non-Performing Assets (NPAs) of nationalized banks have swelled from ₹ 9,190 crore in 2011-12 to ₹ 2,16,739 crore in 2013-14;

(b) if so, the reasons therefor;

(c) whether a PIL is pending in Bombay High Court seeking that CBI be directed to conduct a probe in the NPA seams and if so, details thereof; and

(d) whether RBI and nationalized banks do not comply with the Banking Regulation Act, 1969, which mandates periodical tendering of audit reports to the RBI in order to suppress the NPA scenario and to shield the culprit beneficiaries working in collusion with the banking authorities?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA):

(a) The data on gross Non-Performing Assets (NPAs) of Public Sector Banks (PSBs) as at ended Mar-12, Mar-13, Mar-14 and Dec-14, is given in the table below:

Bank Group	Mar-12	Mar-13	Mar-14	Dec-14
Nationalised Banks	66,795	95,922	1,40,709	1,82,379
Public Sector Banks	1,12,489	1,55,890	2,16,739	2,61,265

Source: RBI

(b) Main reasons for increase in NPAs of banks, *inter-alia*, are attributed to domestic and global economic slowdown, delays in statutory and other approvals, especially for projects under implementation, relatively aggressive lending practices during economic upturn.

(c) Shri Ketan Tirodkar, Mumbai, had filed a PIL (CrPIL [Stamp] 28 of 2014 - Ketan Tirodkar vs. RBI and Ors.) in the Hon'ble High Court of Judicature at Bombay. The petitioner had prayed that RBI may register offence with the CBI to conduct an investigation into the fraudulent sanction leading to huge NPAs. On 6th February, 2015, the court passed the following order:

“The grievance in this PIL is about non-performing assets of banks. Central Government as well as Reserve Bank of India are appropriate authorities entrusted with statutory powers to look into all such financial and economic issues. This Court need not entertain the PIL. The petitioner is seeking leave to withdraw the said PIL. Leave as prayed for is granted. PIL is permitted to be withdrawn” .

The court, however, has modified its earlier order dated 6.2.2015 and dismissed the petition. Thus the PIL has been dismissed on merits

(d) Compliance with the Banking Regulation Act, 1969, provisions and guidelines issued thereunder including Income Recognition and Asset Classification norms is examined during statutory/branch etc. audit of banks and also by RBI during inspections. The objective of these audits and RBI inspections is to bring out the supervisory view (including concerns) on asset quality and hence the credit risk in a bank. Such inspections/examinations help banks in remedying the deficiencies and improve overall credit discipline.

RBI has also advised the banks *vide* its circular dated September 14, 2012 that the banks' IT and MIS system should be robust and able to generate reliable and quality information with regard to their asset quality for effective decision making and that there should be no inconsistencies between information furnished under regulatory/statutory reporting and the banks' own MIS reporting.

Road map of new tax code

471. SHRI RAJEEV CHANDRASEKHAR : Will the Minister of FINANCE be pleased to state:

(a) the steps being taken by Government to increase the tax base in India in view of the fact that less than 3 per cent of the population paying income tax; and

(b) the roadmap for a new tax code and the details of steps being taken to reform tax administration in India?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA) : (a) The Government has taken several steps to increase the income-tax base in India. The mechanisms for collection and verification of financial information have been strengthened. These include collection of specified transactional data from various agencies in form of Annual Information Return (AIR) and collection of information on high-value expenditure from commercial establishments by Central Information Branch (CIB). The Income Tax Department has also implemented a project called Non-filer Monitoring System (NMS) which analyses all databases of in-house and third-party information to identify persons who have failed to file return of income though potentially having tax liabilities. During the financial year 2014-15, 11,82,713 returns were filed by the non-filers identified by NMS in 2013 and 2014. Self-assessment tax of ₹ 1,870 crore and Advance Tax of ₹ 1,980 crore have also been collected from the non-filers so identified. In 2015, NMS has identified around 44.07 lakh non-filers with potential tax liabilities who have not filed returns for A.Y. 2013-14. As on 22nd March, 2015, 5,72,137 identified persons have already e-filed IT return for AY 2013-14.