Proposal to employ women's SHGs as BCs

2316. SHRI MAJEED MEMON: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government has proposed to employ women's self-help-groups (SHGs) as banking correspondents (BCs) in villages with low transactions; and

(b) whether Government proposes incentives for the 12,000 inactive BCs due to low transactions?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHIV PRATAP SHUKLA): (a) As per Reserve Bank of India extant guidelines dated 28.9.2010 on financial inclusion by extension of banking services, banks may, *inter alia*, engage authorized functionaries of well run Self Help Groups (SHGs) which are linked to banks, as their Business Correspondents (BCs). The guidelines also provide that banks may formulate a policy for engaging BCs with the approval of their Board of Directors. Based on the suggestion made by Ministry of Rural Development, Department of Financial Services *vide* its letter dated 17.5.2018 has requested Banks and State Level Bankers' Committee to explore the possibilities for engaging the women SHG members as BC, in uncovered locations.

(b) No Sir. Deployment of BC is a commercial decision of banks and they accordingly formulate their policy, with the approval of their respective Board of Directors.

Low recovery rate under IBC

2317. SHRI SANJAY SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that loans worth ₹ 2.72 lakh crore were written off since 2014 and ₹ 29,000 crore were recovered;

(b) whether it is also a fact that Government schemes are pressuring State-owned banks into lending more money without proper time to cross check and evaluate the creditor;

(c) what is the total value and number of cases referred to Insolvency and Bankruptcy Code (IBC) and NCLT and amount recovered case-wise;

(d) the reasons for the low recovery rate under IBC; and

(e) whether the current rate of success of IBC is satisfactory?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHIV PRATAP SHUKLA): (a) As per Reserve Bank of India (RBI) guidelines and policy approved by bank Boards, non-performing loans, including, *inter alia*, those in respect of which full provisioning has been made on completion of four years, are removed from the balance-sheet of the bank concerned by way of write-off. Banks write-off Non-Performing Assets (NPAs) as part of their regular exercise to clean up their balance-sheet, tax benefit and capital optimisation. Borrowers of such written-off loans continue to be liable for repayment. Recovery of dues takes place on ongoing basis under legal mechanisms, which include, *inter alia*, the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI Act), and Debts Recovery Tribunals (DRTs). Therefore, write-off does not benefit the borrower.

As per RBI data on global operations (with provisional data as on March, 2018), aggregate amount of ₹ 3,98,671 crore was written-off by Scheduled Commercial Banks (SCBs) over the last four financial years. Over the same period, the NPAs of SCBs reduced by ₹ 2,57,980 crore due to recoveries.

(b) As per inputs from Public Sector Banks, provisions applicable to and followed for due diligence, including prospective borrowers' cross-checking and evaluation arrangements, are uniform, including for Government schemes.

(c) to (e) The Ministry of Corporate Affairs has informed that as on 30.6.2018, 947 cases were admitted under the corporate insolvency resolution process in the National Company Law Tribunal (NCLT) and that resolution plans have so far been approved in 32 cases with aggregate realised amount of ₹ 49,784 crore against aggregate admitted claim amount of ₹ 89,406 crore.

The rate of recovery is dependent, *inter alia*, on the quality of the asset in each case, the potential for the sector concerned, and market conditions. Prior to enactment of the Insolvency and Bankruptcy Code, 2016 (IBC), options available to banks for resolution of stressed assets were restructuring of loans under various schemes of RBI, a one-time settlement by way of compromise, and filing of suits and enforcement of decree for recovery thereafter. These were not time-bound, and tapped either only the defaulting borrower or a limited pool of potential buyers. IBC has made resolution of stressed assets time-bound and transparent, with price discovery from a wider pool of buyers. Such a transparent and open resolution process offers banks a fair price discovery mechanism.