

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
RAJYA SABHA
UNSTARRED QUESTION NO-1654
ANSWERED ON- 09/03/2021

NPAs IN PUBLIC SECTOR BANKS

1654. SHRI DEREK O' BRIEN

Will the Minister of FINANCE be pleased to state:

- (a) whether Government has the latest data reflecting the impact of COVID-19 pandemic on Non Performing Assests (NPAs) in Public Sector Banks (PSBs);
- (b) if so, the details thereof including NPA amounts pre and post lockdown and steps being taken to resolve the situation, if applicable; and
- (c) the details of total amount of NPAs in PSBs, year-on-year, for the last five years?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI ANURAG SINGH THAKUR)

(a) and (b): Various steps have been taken by Government and the Reserve Bank of India (RBI) to mitigate the impact of COVID-19 pandemic, which include, *inter alia*, the moratorium on repayment of loans, extension of one-time restructuring scheme for loans to micro, small and medium enterprises (MSMEs) and resolution framework for lenders to implement resolution plans in respect of eligible loans to individuals and to corporates, to enable lending institutions to offer customised relief to borrowers in the form of restructuring, without downgrading the loan as an NPA, and providing *ex-gratia* amount for difference of compound interest and simple interest to eligible borrowers, *etc.*. As per RBI data, gross non-performing assets (NPAs) of public sector banks (PSBs) was Rs. 6,78,317 crore as on 31.3.2020, which has declined to Rs. 5,77,137 crore as on 31.12.2020, as per audited financials of PSBs.

(c): As per RBI data, aggregate gross advances of PSBs increased from Rs. 18,19,074 crore as on 31.3.2008 to Rs. 52,15,920 crore as on 31.3.2014. As per RBI inputs, the primary reasons for spurt in stressed assets have been observed to be, *inter alia*, aggressive lending practices, wilful default/loan frauds/and economic slowdown. Asset Quality Review (AQR) initiated in 2015 for clean and fully provisioned bank balance-sheets revealed high incidence of NPAs. As a result of AQR and subsequent transparent recognition by banks, stressed accounts were

reclassified as NPAs and expected losses on stressed loans, not provided for earlier under flexibility given to restructured loans, were provided for. Further, all such schemes for restructuring stressed loans were withdrawn in the financial year (FY) 2017-18. Primarily as a result of transparent recognition of stressed assets as NPAs, as per RBI data on global operations, gross NPAs of PSBs rose from Rs. 2,79,016 crore as on 31.3.2015, to Rs. 5,39,968 crore as on 31.3.2016, to Rs. 6,84,732 crore as on 31.3.2017, and peaking to Rs. 8,95,601 crore as on 31.3.2018, and as a result of Government's strategy of recognition, resolution, recapitalisation and reforms, have since declined to Rs. 7,39,541 crore as on 31.3.2019, and to Rs. 6,78,317 crore as on 31.3.2020. As per audited financials of PSBs, it has further declined to Rs. 5,77,137 crore as on 31.12.2020.
