

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
RAJYA SABHA
UNSTARRED QUESTION NO-2307
ANSWERED ON- 16/03/2021

LIMITING NPAs

2307. SHRI SANJAY RAUT

Will the Minister of FINANCE be pleased to state:

- (a) the quantum of NPAs increased during the last two years indicating the present status of NPAs;
- (b) whether Government has proposed any special drive with the help of RBI to bring down NPAs and contain fresh NPAs of various banks;
- (c) the main reasons behind the growing NPAs in the country;
- (d) whether Government has set any target to keep NPAs within the limit during the next three years; and
- (e) if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI ANURAG SINGH THAKUR)

(a) to (e): As per data of the Reserve Bank of India (RBI), aggregate gross advances of Scheduled Commercial Banks (SCBs) in their global operations increased from Rs. 25,03,431 crore as on 31.3.2008 to Rs. 68,75,748 crore as on 31.3.2014. As per RBI inputs, the primary reasons for the spurt in stressed assets have been observed to be, *inter-alia*, aggressive lending practices, wilful default / loan frauds / corruption in some cases, and economic slowdown. Asset Quality Review (AQR) initiated in 2015 for clean and fully provisioned bank balance-sheets revealed high incidence of Non-Performing Assets (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 Further, all such schemes for restructuring stressed loans were withdrawn. Primarily as a result of transparent recognition of stressed assets as NPAs, gross NPAs of SCBs, as per RBI data on global operations, rose from Rs. 3,23,464 crore as on 31.3.2015, to Rs. 10,36,187 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. 9,33,779 crore as on 31.3.2019, to Rs. 8,96,082 crore as on 31.3.2020, and further to Rs. 7,56,560 crore as on 31.12.2020 (provisional data as on 31.12.2020).

Loan accounts become non-performing due to a variety of factors, which may be economy-wide or specific to a sector or a firm. While appropriate policy and regulatory measures are taken from time to time to contain such factors, no targets have been set by the Government for NPA levels. Keeping NPAs in check and pursuing a prudent credit policy is a constant endeavor of the banks.
