

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO-875

ANSWERED ON TUESDAY, JULY 30, 2024/ SRAVANA 8, 1946 (SAKA)

INCREASE IN THE VALUE OF NPA

875. SHRI ANIL KUMAR YADAV MANDADI

Will the Minister of FINANCE be pleased to state:-

- (a) whether Government is aware of the fact that Non-Performing Assets (NPA) accounts have increased manifold during the last year and Government has not taken any steps to resolve the problem of NPA which affects the economy of the country seriously?
- (b) if so, the details thereof?
- (c) whether Government has made any road map to resolve the issue of NPA?
- (d) if so, the details thereof? and
- (e) if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) to (e): Gross NPAs of Scheduled Commercial Banks (SCBs) have declined from a peak of Rs. 10,36,187 crore (gross NPA ratio of 11.18%) as on 31.3.2018 to Rs. 5,71,544 crore (gross NPA ratio of 3.87%) as on 31.3.2023, and further to Rs. 4,80,687 crore (gross NPA ratio of 2.75%) as on 31.3.2024 (as per RBI provisional data).

Comprehensive measures/steps have been taken by the Government and the Reserve Bank of India (RBI) to reduce non-performing assets (NPAs), including, *inter alia*, the following –

- (1) Change in credit culture has been effected, with IBC fundamentally changing the creditor-borrower relationship, taking away control of the defaulting company from promoters/owners, and debarring wilful defaulters from the resolution process. To make the process more stringent, personal guarantors to corporate debtor has also been brought under the ambit of IBC.
- (2) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and the Recovery of Debt and Bankruptcy Act have been amended to make it more effective.
- (3) The pecuniary jurisdiction of Debt Recovery Tribunal (DRTs) was increased from Rs. 10 lakh to Rs. 20 lakh, to enable the DRTs to focus on high value cases resulting in higher recovery for the banks and financial institutions.
- (4) National Asset Reconstruction Company Limited has been set up as an asset reconstruction company for resolution of large NPAs.
- (5) Public sector banks have created Stressed Asset Management Verticals for stringent recovery and resolution of NPAs.
- (6) Prudential Framework for Resolution of Stressed Assets issued by RBI provides a framework for early recognition, reporting and time bound resolution of stressed assets, with a build-in incentive to lenders for early adoption of a resolution plan.
