

Lenders sell ₹2.44L-crore NPAs to ARCs so far: Report

FE BUREAU
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LENDERS HAVE MANAGED to sell non-performing asset (NPAs) to the tune of ₹2.44 lakh crore to asset reconstruction companies (ARCs) in 14 years up to March 2017, even as the current stock of stress in the Indian banking system is estimated at ₹11.80 lakh crore, according to an Assocham-SIPI-Edelweiss study.

The report said that though a huge level of stressed assets, as much as 15% (9.84% NPAs and 4.2% restructured assets), is a matter of concern for the economy, it offers a huge opportunity for the ARCs.

As many as seven ARCs have largely been promoted by banks even as foreign direct investment (FDI) has also been permitted into the asset reconstruction, which the paper said should be treated as a resolution and not a recovery business.

It added that there must be a level playing field along with more teeth to ARCs for dealing with the promoters of companies owing a high level of bank debt, which has decayed into NPAs. "At least 51% conversion

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should be allowed to ARCs while reconstructing an asset," the study said.

"The ARCs are not on par with the banking system when it comes to equity conversion. While RBI has given sweeping powers to banks in the form of strategic debt restructuring (SDR) and even in the case of normal debt conversion, ARCs are restricted to a maximum 26% of equity share in a particular company," it added.

The report stressed that an incentive structure has to be introduced for banks where 100% debt is sold to ARCs. "The banks are not following a consortium approach, which is a major issue that leads to a delay of 12-18 months for debt aggregation. ARCs have to resort to a time-consuming process of dealing with each bank separately, often at different commercial terms," it added.

Assocham: Banks sold ₹2.44 lakh-cr NPAs since 2003

Banks have sold ₹2.44 lakh crore bad loans to asset reconstruction companies (ARCs) since 2003, as part of the resolution of non-performing asset (NPAs), a study conducted by Assocham said. Though there is a huge level of stressed assets, as much as 15 per cent of advances (9.84 per cent NPAs and 4.2 per cent restructured assets) is a matter of concern for the economy and it offers a huge opportunity for the ARCs, it said. The current stock of stress in the Indian banking system is estimated at ₹11.80 lakh crore, the Assocham-SIPI-Edelweiss study said. The paper said there must be a level playing field and more teeth for ARCs in dealing with the promoters of companies owing a high level of bank debt which has decayed into NPAs.

PTI

Banks sold ₹2.44 lakh-cr NPAs to ARC's since 2003: Assocham

NEW DELHI: Banks have sold ₹2.44 lakh crore bad loans to Asset Reconstruction Companies (ARCs) since 2003 as part of the resolution of the non-performing asset (NPAs), a study conducted by Assocham said. Though there is a huge level of stressed assets, as much as 15 per cent of advances (9.84 per cent NPAs and 4.2 per cent restructured assets) is a matter of concern for the economy and it offers a huge opportunity for the ARCs, it said.

The current stock of stress in the Indian banking system is estimated at ₹11.80 lakh crore, the Assocham-SIPI-Edelweiss study said. As many as seven ARCs have largely been promoted by banks even as foreign direct investment has also been permitted into the asset recon-

struction, which it said should be treated as a resolution and not a recovery business.

The paper said there must be a level playing field and more teeth for ARCs in dealing with the promoters of companies owing a high level of bank debt which has decayed into NPAs. At least 51 per cent conversion should be allowed to ARCs while reconstructing an asset.

"The ARCs are not on par with banking system when it comes to equity conversion. While RBI has given sweeping powers to banks in the form of Strategic Debt Restructuring (SDR) and even in case of normal debt conversion, ARCs are restricted to maximum 26 per cent of equity share in a particular company," it said. **PNS**

Banks have sold 23 ARCs ₹2.44 trillion in bad loans

MUMBAI: Banks have sold Rs 2.44 trillions of bad loans to 23 asset reconstruction companies (ARCs) and despite a surge in stressed assets to around 15 per cent, there was a slowdown in transactions in recent months, says a report.

"Around Rs 2.44 trillion worth of gross NPAs have been sold to ARCs till now," the report by industry lobby Assocham and Edelweiss ARC said on Tuesday.

Even as opportunities are huge—the report has estimated total stock of stressed assets in the system at 15 per cent or Rs 11.80 trillion -- the pick-ups by ARCs have suffered since 2015-16, it said.

High incidence of stressed assets, which includes 9.84 per cent gross NPAs and 4.2 per cent in restructured assets, is a "matter of concern for the economy", the report said.

One of the reasons for the slowdown is the price mismatch between the expectation of ARCs and the banks under the 15:85 structure, where banks are paid 15 per cent of the agreed amount on an asset in cash and the rest is paid later through security



receipts, it said.

Resource constraints at ARCs is also another prime reason for the dip in the sales, it said. The number of ARCs kept mushrooming with a complete liberalisation on foreign holding caps and have now touched 23, it said.

It said there has been a surge in capital among ARCs

and several new high profile players are expected to commerce business in fiscal 2018.

The report also called for a level-playing field for ARCs with banks when it comes to converting debt into equity and incentives for banks to sell dud loans to ARCs so that an ARC can aggregate the entire stock quickly.

PTI

Industry body, VCs urge PM to review CRI guidelines

FE BUREAU
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INDUSTRY BODIES, VC funds and several start-ups have written to the Prime Minister's Office (PMO), urging it to review the Computer Related Inventions (CRIs), 2016, which they say lack avenues for companies to patent their research.

CRIs are inventions that involve the use of computer, computer networks or other programmable apparatus and include inventions which have one or more features that are realised wholly or partially by means of a computer programme. Industry associations like Assocham and Broadband India Forum, VC funds like Seed-Fund and start-ups such as MayMyMeet and Now Floats have written a letter to the PMO seeking "immediate help and intervention" in bringing out appropriate amendments to the prevailing CRI guidelines, 2016.

They say that the current CRI guidelines will adversely impact the government's 'Digital India' programme.

"Prime Minister Narendra Modi recently launched the BHIM-Aadhaar app, primarily a computer-related innovation for digital payments, and recommended such technology to be patented. However, the prevailing CRI guidelines put a blanket ban on patenting of computer-related inventions unless a 'novel hardware' is also invented," it said.

Employment rate under PMEGP down by 9.5 pc

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Pune: The number of employment opportunities generated under the Prime Minister's Employment Generation Programme (PMEGP), fell from over 3.5 lakh in 2014-15 to 3.2 lakh in 2015-16, thereby registering a year-on-year decline of over 9.5 per cent, noted an analysis conducted by Assocham.

The analysis further observed that besides this, the number of projects set up under the PMEGP, also reduced from over 48,100 in the financial year 2015 to about 44,300.

"The PMEGP is an effective scheme aimed at reducing unemployment and generating sustainable employment opportunities, but there is a need for banks and other institutions to put in collaborative efforts in place to meet the targets

of this programme," said DS Rawat, Secretary General of ASSOCHAM.

The analysis states that Uttar Pradesh topped with over 43,000 jobs generated under the PMEGP in financial year 2016, but the number of jobs reduced from over 48,600 that were generated in 2015, thereby registering a year-on-year decline of over 11 per cent.

It added that Tamil Nadu, Maharashtra, Bihar and Odisha are four other states. The analysis has claimed that while the number of credit proposals approved under the Credit Guarantee Fund Trust for Micro and Small Enterprises, increased significantly from just over four lakh to over 5.1 lakh between 2014-15. And 2015-16, the approved amount under this scheme reduced from Rs 21,200 crore in 2015 to over Rs 19,900 crore in financial year 2016, which is a fall of over six per cent.

ए.आर.सी. को बेचे गए 2.44 लाख करोड़ के एन.पी.ए.



नई दिल्ली, 2 मई (एजेंसी): गैर-निष्पादित परिसंपत्तियों (एन.पी.ए.) के बढ़ते बोझ से जूझ रहे बैंकिंग क्षेत्र ने 2.44 लाख करोड़ रुपए का एन.पी.ए. संपदा पुनर्गठन कंपनियों (ए.आर.सी.) को बेचा है।

मौजूदा समय में बैंकिंग क्षेत्र पर 11.80 लाख करोड़ रुपए के एन.पी.ए. का दबाव है। उद्योग संगठन एसोचैम, एस.आई.पी.आई. और एंडलवाइज के संयुक्त अध्ययन के मुताबिक देश की अर्थव्यवस्था के लिए जोखिम में फंसी परिसंपत्तियों का बढ़ा स्तर चिंता का विषय है और यह ए.आर.सी. के लिए बहुत बड़ा अवसर है। संपदा पुनर्गठन में प्रत्यक्ष विदेशी निवेश को

मंजूरी मिली हुई है और 7 ए.आर.सी. कंपनियों को बैंक अधिक तरजीह देते हैं। एसोचैम का कहना है कि ए.आर.सी. को एन.पी.ए. की समस्या के हल के रूप में देखा जाना चाहिए न कि इसे रिक्वरी बिजनेस के रूप में देखना चाहिए।

ए.आर.सी. को मिले अधिक शक्तियां

एसोचैम ने ए.आर.सी. को अधिक शक्तियां देने की मांग करते हुए कहा है कि ऋण के एन.पी.ए. में तबदील होने के बढ़ते स्तर को देखते हुए कंपनियों के प्रोमोटर के साथ निपटने के लिए ऐसा करना जरूरी है।

संपदा के पुनर्गठन के समय ए.आर.सी. को ऋण के कम से कम 51 प्रतिशत हिस्से को शेयर में बदलाव की अनुमति दी जानी चाहिए। अध्ययन में इस बात पर भी जोर दिया गया है कि जहां शत-प्रतिशत ऋण ए.आर.सी. को बेचे गए हैं, उन बैंकों में इंसेटिव स्ट्रक्चर होना चाहिए।