

RBI looks to resolve ₹8-L-cr bad loans by March 2019

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New Delhi, July 16

EMBOLDENED BY THE Banking Regulation (Amendment) Ordinance, the RBI is expected to push for resolution of bad loans worth around ₹8 lakh crore by March 2019, a move that could bring down the NPAs and improve the financial health of banks, a study by Assocham said.

"So, it should be safe to assume that the non-performing assets (NPAs) mess would largely be resolved by the first quarter of financial year 2019-20," Assocham study titled 'NPAs Resolution: Light at the end of tunnel by March 2019' said. This would be helped by a combination of several factors — turnaround in the economic cycle and some resolute steps by the government and the RBI to fix the issue, it said.

Although entire NPAs could be put on the altar of the Insolvency and Bankruptcy Code (IBC) resolution mechanism, it has to be

seen how much and how fast they actually go out from the balance sheets of banks which at this point of time seem very stressed, it said.

It is no secret that NPAs are a big drain on the financial health of banks, especially PSBs. For example, 27 PSBs collectively made an operating profit of ₹1.5 lakh crore in 2016-17, but after allowing for provisioning of bad loans, among others, net operating profit slipped to a paltry ₹574 crore.

If balance sheet numbers are anything to go by, it simply brings home the fact that banks have no capacity to do fresh corporate lending that is necessary for pushing subdued private sector investment, the study said.

Releasing the report, Assocham secretary general DS Rawat said it is to be noted that 16-month Asset Quality Review (AQR) exercise that ended in March 2017 pulled out NPAs from the closet and after this deep surgery strong medicine was required to quickly heal the system.

₹8 L cr NPAs may face bankruptcy proceedings by 2019



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India is expected to push for resolution of bad loans worth ₹8 lakh crore by March 2019, a move that could bring down the non-performing assets (NPAs) and improve the financial health of banks, a study by Assocham said. "So, it should be safe to assume that the NPA mess would largely be resolved by the first quarter of financial year 2019-20," the Assocham study titled NPAs Resolution: Light at the end of tunnel by March 2019, said. **PTI**

RBI may push to resolve bad loans worth Rs8 trillion by March 2019

New Delhi: Emboldened by the Banking Regulation (Amendment) Ordinance, the Reserve Bank of India (RBI) is expected to push for bad loan resolution worth around Rs8 trillion by March 2019, a move that could bring down the non-performing assets (NPAs) and improve the financial health of banks, a study by Assocham said. "So, it should be safe to assume that the non-performing assets (NPAs) mess would largely be resolved by the first quarter of financial year 2019-20," Assocham study titled '*NPAs Resolution: Light at the end of tunnel by March 2019*' said. This would be helped by a combination of several factors—turnaround in the economic cycle and some resolute steps by the government and the RBI to fix the issue, the study said.

PTI

**'₹8 L-cr NPAs may face
bankruptcy proceedings'**

NEW DELHI: Industry body Assocham on Sunday said the Banking Regulation (Amendment) Ordinance has empowered the Reserve Bank of India (RBI) to take up "bad loans worth about ₹8 lakh crore" for resolution by March 2019. According to an Assocham study, the move has the potential to bring down NPA levels and "significantly improve" the financial health of banks. "Somewhat bitter medicine came in the form of the Ordinance promulgated by the President in May," Assocham's secretary general DS Rawat said. "The government gave wide-ranging legislative powers to the RBI to issue directions to lenders to initiate insolvency proceedings for the recovery of bad loans that have reached unacceptably high levels." Banks currently have around ₹7 lakh crore worth of toxic assets on their books.

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'RBI push to resolve ₹8 lakh cr. bad loans'

Ordinance to act as trigger, says study

PRESS TRUST OF INDIA
NEW DELHI

Emboldened by the Banking Regulation (Amendment) Ordinance, the Reserve Bank of India (RBI) is expected to push for resolution of bad loans worth about ₹8 lakh crore by March 2019, a move that could bring down the non-performing assets and improve the financial health of banks, a study by Assocham said.

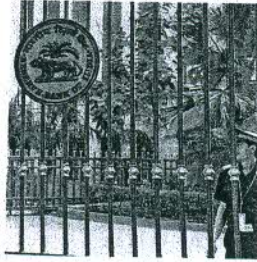
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NPAs are a big drain on the financial health of banks especially public sector banks (PSBs).

For example, 27 PSBs collectively made an operating profit of ₹1.5 lakh crore in 2016-17, but after allowing for the provisioning for bad loans, among others, net operating profit slipped to a paltry ₹574 crore.

Corporate lending

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The RBI is expected to press for resolution of these loans by March 2019.

ing the report, Assocham Secretary General D.S. Rawat said it is to be noted that the 16-month Asset Quality Review (AQR) exercise that ended in March 2017 pulled out NPAs from the closet and after this deep surgery, strong medicine was required to quickly heal the system. "So, somewhat bitter medicine came in the form of the Ordinance promulgated by the President in May.

The government gave wide-ranging legislative powers to the Reserve Bank of India to issue directions to lenders to initiate insolvency proceedings for the recovery of bad loans that have reached unacceptably high levels," he said.

Soon after the notification of the ordinance amending the Banking Regulation Act 1949, the RBI eased the decision-making process in the Joint Lenders' Forum (JLF) and Corrective Action Plan (CAP) under the 'Framework for Revitalising Distressed Assets in the Economy.'

To begin with, the RBI, empowered by the ordinance initiated the process of resolution and identified 12 accounts each having more than ₹,000 crore of outstanding loans and which accounting for 25% or nearly ₹2 lakh crore of total NPAs of banks for immediate referral for reaching a conclusion under the IBC.

'NPAs worth ₹8 lakh crore may face bankruptcy proceedings by 2019'

Bad loan issue can be resolved by 'somewhat bitter' medicine of the ordinance promulgated in May, says Assocham secretary general

PTI
MUMBAI, 16 JULY

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This would be helped by a combination of several factors turnaround in the economic cycle and some resolute steps by the government and the Reserve Bank of India to fix the issue, it said. Although entire NPAs could



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Assocham Secretary General D S Rawat said it is to be noted that 16-month Asset Quality Review (AQR) exercise that ended in March 2017 pulled out NPAs from closet and after this deep surgery strong medicine was required to quickly heal system.

"So, somewhat bitter medicine came in the form of the ordinance promulgated by the President in May. The government gave wide-rang-

ing legislative powers to RBI to issue directions to lenders to initiate insolvency proceedings for recovery of bad loans that have reached unacceptably high levels," he said. Banks were reluctant to resolve NPAs through settlement schemes or sell bad loans with hair cut to asset reconstruction companies for fear of 3Cs—CBI, CAG and CVC. With the institution of OC, top bankers should get some cushion against 3Cs,

since the key decisions which involve taking losses by the banks, would be taken by an institutional mechanism and not one or few individuals. Within hours of the notification of the ordinance amending the Banking Regulation Act 1949, the RBI eased the decision making process in the Joint Lenders' Forum and Corrective Action Plan) under the 'Framework for Revitalising Distressed Assets in the Economy'.

