

## Bank NPAs to Rise to ₹9.5 Lakh Cr by Mar-End: Report

Press Trust of India

**New Delhi:** The banking sector will be saddled with gross non-performing assets (GNPAs) worth a staggering ₹9.5 lakh crore by March-end, up from ₹8 lakh crore in the year-ago period, a report said on Monday. The high level of stressed assets however provide

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enormous opportunity for asset reconstruction companies (ARCs) which are important stakeholders in the NPA resolution process, said the Assocham-Crisil study.

At the same time, it said, the growth of ARCs is expected to come down significantly owing to capital constraints.

“While growth (of ARCs) is expected to fall to around 12% by June-2019, AUM (assets under management) are expected to reach ₹1 lakh crore,” said the report. It said GNPAs will increase to “₹9.5 lakh crore as on March 31, 2018 i.e. about 10.5% of total advances, while stressed assets are expected to be at ₹11.5 lakh crore”.

### **NPAs to rise to ₹9.5 trn by end of March: Report**

India's banking sector will be saddled with gross non-performing assets (GNPAs) worth a staggering ₹9.5 trillion by March-end, up from ₹8 trillion in the year-ago period, a report said. The high level of stressed assets in the banking system however provide enormous opportunity for asset reconstruction companies (ARCs), which are important stakeholders in the NPA resolution process, said the Assocham-CRISIL study. It said growth of ARCs is expected to come down significantly due to capital constraints. PTI

## NPAs to rise to ₹9.5L cr by March-end

FC BUREAU

New Delhi

INDIA'S banking sector will be saddled with gross non-performing assets (GNPAs) worth Rs 9.5 lakh crore by March-end, up from Rs 8 lakh crore in the year-ago period, a report said on Monday. The high level of stressed assets in the banking system, however, provide enormous opportunity for asset reconstruction companies (ARCs), which are important stakeholders in the NPA resolution process, said the Assocham-Crisil study.

At the same time, it said, the growth of ARCs is expected to come down significantly owing to capital constraints. "While growth (of ARCs) is expected to fall to around 12 per cent by June 2019, the AUM (assets under management) are expected to reach Rs 1 lakh crore, and that is fairly sizeable," said the report.

It said the GNPAs would increase to "Rs 9.5 lakh crore as on March 31, 2018, about 10.5 per cent of total advances, while stressed assets are expected to be at Rs 11.5 lakh crore".

Separately, minister of state for finance Shiv Pratap Shukla had said in Parliament earlier GNPAs of banks crossed Rs 8.5 lakh crore at the end of September 2017.

The report further said with banks expected to make higher provisioning over and above the provisions made for stressed assets, they may sell the assets at lower discounts, thus increasing the capital requirement.

Since the existing capital base of ARCs will not support in absorbing stressed assets available in the market, they are expected to be a part of the multi-platform business model with co-investors/large funds to bring in capital and stay relevant, it said. According to the report, recovery prospects are likely to improve with these structural changes.

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process, said the Assocham-Crisil study.

At the same time, it said, the growth of ARCs is expected to come down significantly owing to capital constraints. "While growth (of ARCs) is expected to fall to around 12% by June 2019, the AUM (assets under management) are expected to reach Rs 1 lakh crore, and that is fairly sizeable," said the report. Stressed assets are expected to be at Rs 11.5 lakh crore. AGENCIES

## 'Bad loans to rise to ₹9.5 lakh cr. by March'

'Rising NPAs an opportunity for ARCs'

PRESS TRUST OF INDIA  
NEW DELHI

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The high level of stressed assets in the banking system, however, provide enormous opportunity for asset reconstruction companies (ARCs) which are important stakeholders in the NPA resolution process, said the Assocham-Crisil study.

At the same time, it said, the growth of ARCs was expected to come down significantly owing to capital constraints. "While growth [of ARCs] is expected to fall to around 12% by June 2019, the AUM [assets under man-

agement] are expected to reach ₹1 lakh crore, and that is fairly sizable," said the report.

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Separately, Minister of State for Finance Shiv Pratap Shukla had said in Parliament earlier that GNPAs of banks crossed ₹8.5 lakh crore at the end of September. The report further said that with banks expected to make higher provisioning over and above the provisions made for stressed assets, they may sell the assets at lower discounts, thus increasing the capital requirement.

## NPAs may rise to ₹ 9.5 lakh crore

PTI

NEW DELHI, 22 JANUARY

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stay relevant, it said.

According to the report, recovery prospects are likely to improve with these structural changes.

"The recovery rate, which is a good indicator of the effectiveness of ARCs is expected to rise from 38 per cent earlier to about 44-48 per cent," it said.

The analysis of 50 stressed assets-forming nearly 40 per cent of the total-revealed that sectors like metal, construction and power account for nearly 30 per cent, 25 per cent and 15 per cent of the stressed assets respectively, while other sectors contribute to the remaining 30 per cent.

The study also said that effective implementation of the Insolvency and Bankruptcy Code (IBC) would be a remedy to the challenge of prolonged litigation and it can help improve the recovery rate of stressed assets' industry further.

The report stated that 2018 would see a structural shift in the stressed assets' space as increased stringency in banks' provisioning norms for investments.

