

# Business Standard

HOME MARKETS COMPANIES OPINION POLITICS TECHNOLOGY SPECIALS PF PORTFOLIO MY PAGE GALLERY

Today's Paper Latest News Economy Finance Current Affairs International Management The Strategist Weekend Data Stories Chat

TRENDING ON BS #Demonetisation #TataVsMistry #TrumpAtWhiteHouse

Search

News ▾

You are here: [Home](#) » [Finance](#) » [News](#) » [Banks](#)

## RBI, bank heads discuss cleansing of lender books

Review asset quality situation

BS Reporter | Mumbai

December 15, 2015 Last Updated at 00:15 IST



October - A month of celebrations, got even bigger

Ad

Avail cash benefits of upto Rs 60000, start with a test drive.



After setting a target to cleanse bank balance sheets by March 2017, Reserve Bank of India Governor [Raghuram Rajan](#) met chief executives of select lenders, private and government-owned, on Monday in this regard.

Union Bank of India Chairman and Managing Director Arun Tiwari told reporters after the meeting that beside the stressed assets situation, economic conditions in general were discussed with the [RBI](#) brass. No specific stressed account came up in the interaction, he said, not elaborating on the steps the bankers discussed with [RBI](#) on tackling non-performing loans.

[RBI](#) said various issues came up, including the asset quality of [banks](#) and the way forward on improving the quality of balance sheets. The discussions will continue, it added.

Rajan had, in a post monetary policy media interaction on December 1, said stressed assets (non-performing assets plus restructured assets) were an important part of a bank's balance sheet. [Banks](#) would, he said, be able to rectify that not only by making provisions in the accounts but also by putting some of these assets back on track.

### ALSO READ

PSBs need higher capitalisation to deal with NPAs: RBI

Growth is picking up, says Raghuram Rajan

Higher growth needs more work: Raghuram Rajan

Banks reporting lower NPA numbers: ICRA

Small finance bank licences likely next month: Raghuram Rajan

Ads

### Get Google Chrome

Fast, simple & secure web browser for all your devices. Download now! [google.com/chrome](http://google.com/chrome)

### ICICI Prudential MF

Aim to Create Wealth & Achieve Your Long Term Goals with Mutual Funds. [icicipruamc.com/Know-More](http://icicipruamc.com/Know-More)



Rating agency ICRA had in its review of the September quarter results of banks said the pace of stressed asset formation moderated from around 5.6 per cent in FY15 to 3.3 per cent in the first half of this financial year. As a result of this moderation in the pace, the consistent increase in the stock of stressed advances over recent years had been arrested in April-September. The level of stressed advances remained largely unchanged at 10.7 per cent of the total as of end-September versus 10.6

per cent as of end-March, it said.

With many initiatives like the '5/25' scheme and Strategic Debt Restructuring in place to tackle stressed assets, Rajan expects banks to complete the task of cleaning up the balance sheet by March 2017. The 5/25 scheme is aimed at companies in the infrastructure and core sectors to tide over bad times, with repayment spread over a longer period.

Bankers have said the governor's goal is reasonable. While systems continue to show signs of stress, the effect of the past few years to closely monitor credit quality, early recognition and early resolution would begin to show results. Also, recovery in the economy would "lift some boats", some stressed units will begin to perform and resume payments. However, banks will still have to battle with the tardy pace of stress resolution in legal forums.

#### 'Stressed' assets

RBI Governor Raghuram Rajan (pictured) had on December 1 said stressed assets (non-performing assets plus restructured assets) were an important part of a bank's balance sheet. Banks would, he said, be able to rectify that not only by making provisions in the accounts but also by putting some of these assets back on track

READ MORE ON [RBI](#) [RAGHURAM RAJAN](#) [ICRA](#) [NPA](#) [FINANCE](#) [BANKS](#)

## RECOMMENDED FOR YOU

Powered by Google



<b>ICICI Prudential MF</b>	<b>Who is Raghuram Rajan? 10 interesting facts</b>	<b>Retirement Planning</b>	<b>Devyani Khobragade: The woman who has chosen to...</b>	<b>The four big stock bets of Rakesh Jhunjhunwala</b>
<small>Ad icicipruamc.com</small>	<small>business-standard.com</small>	<small>Ad bigdecisions.com</small>	<small>business-standard.com</small>	<small>business-standard.com</small>

Advertisements

- Punto Evo - With Cash Benefits upto ? 60,000. Know More. T&C
- Buy New Age Health Insurance with Added Benefits
- New to the stock market? Take your FirstStep
- Fiat Linea - 125PS Power & TouchScreen Navigation System.T&C.
- Intelligent Retail of the Future
- Enjoy Free Stock Trading with Upstox
- Learn the Art of Investing through Sharekhan
- Super Saver Health Insurance for Whole Family
- Open Free Demat A/c with low brokerage fee
- Yet to open a Sharekhan Account?

## You Might Also Like



**After Twitter war with Kejriwal, Paytm gets into another controversy with its**



**Demonetisation presents opportunity to buy MFI stocks**



**Moderate earthquake hits Delhi, Haryana**



**I thank all parties for one nation, one tax, says PM on Day 1 of Winter Session**



**Benami properties, gold next: PM Modi**



**Real or fake? Check out RBI guidelines on new Rs 2,000 note**

**Promoted Stories**



**Visiting Singapore from India? 10 Things You Have to Do**  
Singapore Tourism Board



**How to plan for an early retirement?**  
mutualfund.birlasunlife.com



**Everything You Need To About Ajay Devgn's New Find — Savvesha Saigal**  
LiveInStyle by USL – Diageo



**A marathon with a twist. Airtel's teaching drive**  
Airtel on Hindustan Times



**SIP: A planned way to help create wealth!**  
mutualfund.birlasunlife.com



**Statins as primary prevention: Helpful or harmful?**  
Kevin, M.D. - Medical Weblog

Recommended by