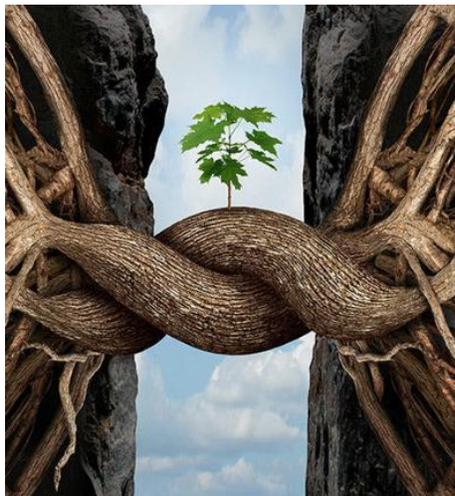


RBI meets bank honchos on bad loans

Our Bureau



Raghuram Rajan



Discusses steps to be taken for recovery and strengthening of balance sheets

Mumbai, Dec 14:

With the banking system reeling under the weight of bad loans, the top brass of Reserve Bank of India met chiefs of public and private sector banks to take stock of the asset quality and the way forward to improve bank balance sheets.

The meeting on Monday, which was chaired by Governor Raghuram Rajan, came in the backdrop of the RBI's expectation that banks would clean up their balance sheets by March 2017.

The RBI has called for detailed information from banks on their asset-recovery initiatives, such as corrective action under the aegis of the joint lenders forum, strategic debt restructuring (entailing debt-for-equity swap by banks and management change in companies) and 5/25 scheme (whereby long-term project loans of up to 25 years tenure to infrastructure and core industries sectors are refinanced every five years).

Road ahead

SBI Chairman Arundhati Bhattacharya said the discussion at the meeting revolved around the steps that should be taken to make recoveries from bad loans and strengthen the balance sheets of banks.

Further, the meeting also dwelt on the challenges facing the economy, how to face them and the road ahead. The RBI, in a statement, said discussions on the issue (asset quality) will continue.

Besides the SBI chief, the chiefs of Bank of Baroda, Bank of India, IDBI Bank, Union Bank of India, ICICI Bank and Axis Bank, among others, attended the meeting. Deputy Governors R Gandhi and SS Mundra were also present at the meeting along with other senior officials from the banking regulation and supervision departments.

The stressed assets problem in the banking system is underscored by the fact that as on March-end 2015, gross non-performing assets (GNPAs) were 4.62 per cent of gross advances, against 2.36 per cent as on March-end 2011.

(This article was published on December 14, 2015)

MORE FROM BUSINESS LINE

[FM steps in to save the baraat](#)

[‘Which farmer will use Paytm to transfer money?’](#)

[Higher withdrawal limit for farmers, marriages; note swap limited to ₹2,000 per person](#)