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# Bank of India's loan recovery up 20 per cent in September quarter

By ET Bureau | Updated: Oct 22, 2015, 04.52 AM IST [Post a Comment](#)

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By **Saloni Shukla**

MUMBAI: State-run **Bank of India** is ramping up its recovery team under new chief executive Melwyn Rego as it attempts to improve its financials to meet government set target to be eligible for capital.

The bank's recovery has jumped by a fifth in the **September** quarter because of its increased focus, said an executive. But the recovery from the smaller business turned out to be better than the big sharks which continue to exploit the legal system that many bankers say is skewed in favour of the borrower.

"We have been monitoring the sharp spike in non-performing assets over the last year and decided to ramp up the recovery division," Anant Upadhyay, general manager, recovery division at the Bank of India told ET in an interview. "We have focussed on speeding up Sarfaesi action against defaulters, initiating wilful defaulter proceedings, taking symbolic possession of assets and conducting e-auctions."

In the **September quarter**, recovery of bad loans rose 20 per cent from Rs 1,700 crore in the June quarter. The recovery from accounts below Rs 10 lakh was nearly Rs 500 crore, and Rs 400 crore from accounts upto Rs 1 crore. But, with 50 per cent of recoveries coming from accounts up to Rs 1 crore recovery from large defaulting borrowers escape the net.

State-run banks, which constitute nearly three-fourths of the **Indian banking** system, are saddled with stressed assets of more than 11.1 per cent of their total loans. But the recovery remains tough with many of the borrowers exploiting the legal loopholes to prevent banks from seizing their assets. A case in point is liquor baron **Vijay Mallya** who has thwarted banks' attempts to invoke guarantees in the Rs 7,000-crore **Kingfisher Airlines** **BSE 3.03%** default case.

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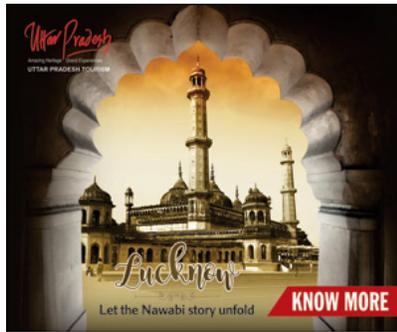
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<a href="#">Bank of India</a>	-1.20 (-1.10%)

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"Recovery from large accounts has been slow due to complexity of these cases," said Upadhyay. "We are constantly dealing with cases under multiple banking channels, while recovery becomes protracted for large accounts as most loans are under consortium lending."

Data shows that top 50 accounts of the bank contribute to nearly 40 per cent of its total stressed assets, with power, coal, steel, roads and textile adding to bulk of stress.

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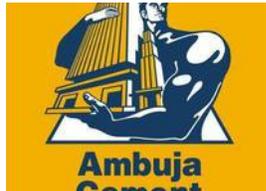


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