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Punjab National Bank to sell up to Rs 3,000 crore bad loans to ARCs in Q4

By PTI | Updated: Feb 17, 2016, 08.32 PM IST

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NEW DELHI: As part of its balance sheet clean-up exercise, state-owned [Punjab National Bank](#) plans to sell up to Rs 3,000-crore [bad loans](#) to [asset reconstruction companies](#) (ARCs) in the fourth quarter.

"Sale of asset is one opportunity available for cleaning up books. We are certainly on it. We have already lined up quite a good number of proposal. We have lined up Rs 2,000-3,000 crore assets sale for the current quarter," PNB Managing Director [Usha Ananthasubramanian](#) told PTI.

"PNB was one bank which was away from this (ARCs) market and did not tap this market in the last 6 years," she said.

Besides, the bank is organising special camps for recovery at various place, she said.

The bank is also looking at one-time settlement proposals and other measures to reduce bad loans.

For the third quarter ended December 2015, PNB's asset quality deteriorated and gross non-performing assets (NPAs) rose to 8.47 per cent of the gross advances as against 5.97 per cent same quarter a year ago.

Likewise, net NPAs rose to 5.86 per cent of the net advances as of December quarter of 2015-16, from 3.82 per cent in the previous year's third quarter.

In absolute terms, the gross NPAs increased to Rs 34,338.22 crore as of December 2015, from Rs 22,211.43 crore. Net NPAs were at Rs 22,983.40 crore during the quarter, up from Rs 13,787.76 crore.

As a result of this, the bank's provision against bad loans increased sharply to Rs 2,867 crore during the quarter as compared to Rs 1,976 crore in the same period a year ago.

Yesterday, PNB declared long-grounded [Kingfisher Airlines](#) a willful defaulter.

PNB became the third public sector lender to declare the beleaguered air carrier and its two guarantors - United Breweries (Holdings) Ltd and Mallya - as willful defaulters. Earlier, United Bank of India and State Bank of India had done the same.

PNB has an exposure of Rs 800 crore to now grounded airline. The airline had taken Rs 6,900 crore from the 17-bank consortium led by SBI in early 2010 after a second debt restructuring for the airline.

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