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# Sheer size of NPAs making headlines: Vinod Rai

By PTI | Updated: Aug 31, 2016, 06.49 PM IST

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NEW DELHI: The sheer size of non-performing assets in the banking system as well as profligacy of some Indian promoters are "making headlines almost every day", according to Banks Board Bureau Chairman [Vinod Rai](#).

The former [comptroller and auditor general](#) (CAG), who is also working to address the bad loan menace, has said the country has become all too familiar with the nexus between "big business and politics" even as he believes that there is a new wave of transparency.

"Yet even in the midst of these imperfections, I believe that there is a new wave of transparency and good governance that is, slowly but surely, disrupting the old way of doing business," Rai has written in the foreword to the book titled 'Unusual Billionaires'.

Old business models, in India and elsewhere, are seemingly disrupted by a new wave of technological innovation, he added.

Penned by [Saurabh Mukherjea](#), the book, which was released earlier this month, is about the seven "unusual companies built by unusual billionaires" that were picked from 5,000 listed firms.

Referring to bad loans problem, Rai in the foreword has said the sheer size of non-performing assets in the Indian banking system and the profligacy of some Indian promoters are making headlines almost every day.

"Clearly, the old order has not yet fully given way to the new, and in India, we have become all too familiar with the nexus between big business and politics," he said.

Rai noted that the author has used filters such as '10 per cent revenue growth' and '15 per cent return on capital employed for every consecutive year over the past decade' to identify great Indian companies.

Citing the data crunching done by the author, Rai said over 99 per cent of the 5,000 companies that are listed in India simply fail to fulfil the filters over the past decade.

Further, Rai noted that if the purpose of business is to grow consistently and grow in a profitable manner, an overwhelming majority of Indian companies have failed.

"Is it any surprise then that our banking system is clogged with loans that will never be recovered?" Rai asked.

"Can we now conclude that Indian promoters focus more on lining their pockets than achieving profitable growth?" he wondered, adding that these were some of the difficult questions he was left asking after reading the book.

Rai is chairing the Banks Board Bureau, which is working on ways to address the bad loan issues and also advise the government on senior appointments at public sector banks, among other responsibilities.

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