

Loan defaults: FinMin asks banks to scale up recovery efforts

Our Bureau

1

Bad Credit Loans

2

Best Student Loans

3

Student Loans Made Easy

New Delhi, March 21:

The Finance Ministry has asked public sector banks to scale up efforts to recover bad loans and ensure that all wilful defaulters pay up.

The issue was taken up for discussion at a meeting called by the Department of Financial Services with state-run lenders to review all cases of loan defaults, including that by Kingfisher Airlines.

“This is a routine review meeting to assess various recovery efforts. We are stepping up recovery efforts,” said a senior government official.

The meeting also discussed ways in which banks can be more proactive in recovery efforts and making a distinction between wilful and genuine defaulters.

The Finance Ministry has been trying to address the problem of stressed assets of banks and looking at ways to clean up their balance sheets.

Gross NPAs

Gross non-performing assets of public sector banks (PSBs) rose to ₹ 3.61-lakh crore at the end of December 2015, while that of private lenders was ₹ 39,859 crore. As many as 7,686 wilful defaulters owe ₹ 66,190 crore to the PSBs. While banks have filed 6,816 suits, they have also lodged 1,669 cases. Banks have also started action under the Sarfaesi Act in 584 such cases.

In a recent directive, the Finance Ministry asked PSBs to invoke personal guarantees in the event of a borrower company defaulting.

“In the event of default in repayment of loan by the borrower company, all guarantors are liable to repay the liable loan with interest as the liability of the guarantor is co-extensive with the principal debtor (borrower),” it had noted.

Earlier, during the Gyan Sangam too, the Finance Ministry had asked banks to work on loan defaults.

In a recent directive, the Finance Ministry asked PSBs to invoke personal guarantees in the event of a borrower company defaulting

(This article was published in the Business Line print edition dated March 22, 2016)

MORE FROM BUSINESS LINE

Exit of compliance officer, severance
package: In Govern questions Infosys

SBI's steep rate cut leaves old borrowers in
the lurch

Interest subsidy for housing loans up to ₹
12 lakh: Modi

Printable version | Jan 3, 2017 11:10:04 AM | <http://www.thehindubusinessline.com/todays-paper/tp-money-banking/loan-defaults-finmin-asks-banks-to-scale-up-recovery-efforts/article8382459.ece> © The Hindu Business Line