

Private banks take bigger hit on loan sales to ARC

A closer look at these transactions reveals that private sector banks sold loans at much steeper discount rate to ARCs than public sector banks

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Attempting to shore up their balance sheets, 33 private and public sector banks sold loans worth Rs 14,877 crore to Asset Reconstruction Companies (ARCs) in 2015-16. These loans were sold for Rs 11,674 crore, implying a discount of 22 per cent on the net value of the loans, according to data compiled by Kotak Institutional Equities. A closer look at these transactions reveals that private sector banks sold loans at much steeper discount rate to ARCs than public sector banks. The 24 public sector banks for which data is available, the net value of all accounts sold was about Rs ...