

Finance Minister to discuss bad loans with bank chiefs today

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Concern over possible deterioration in bad loan situation following demonetisation

**New Delhi, March 9:**

Concerned with the rise in bad loans, Finance Minister Arun Jaitley will meet chiefs of public sector banks on Friday.

The meeting, which will also be attended by Financial Services Secretary Anjuly Chib Duggal and officials from the Reserve Bank of India, comes at a time when the government is also understood to be looking at various ways of capital infusion in public sector banks.

Gross non-performing assets of PSBs rose to Rs. 6.3 lakh crore by September 30, 2016, as against Rs. 5.5 lakh crore at the end of the June quarter. Concerns have emerged that the bad loan situation of banks may have deteriorated further after the cash crunch following demonetisation of high-value currency notes in November last year.

This would be the second meeting of bankers with Finance Minister Arun Jaitley in as many months on bad loans. Heads of top banks had also met the Minister last month to take stock of the banking sector's health.

Chief Economic Adviser Arvind Subramanian had recommended setting up a bad bank but the proposal does not seem to have gained much currency in the Finance Ministry. The meeting, which comes ahead of the start of the new fiscal, could also discuss the plan of action of banks for the coming months.

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June quarter

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