

How have bad loans recoveries by banks progressed; the crisis numbers in brief

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It was a mixed bag for bad loan recoveries by banks in the June quarter of FY18 over the previous year, data compiled by FE showed. While banks like State Bank of India (SBI), ICICI Bank and Axis Bank have reported higher recoveries, others like Punjab National Bank (PNB), Canara Bank and Union Bank of India have shown a dip in recoveries in Q1. According to the data, SBI reported the highest recovery at Rs 4,646 crore in Q1, among all lenders. SBI chairman Arundhati Bhattacharya recently told reporters that the bank expects resolutions in corporate accounts. "We are working with the National Company Law Tribunal (NCLT),

which is supposed to resolve cases within 180 days and till date we have received full cooperation from all of the concerned companies,” she said, adding that the bank was considering a number of smaller cases to be referred to the NCLT.

Apart from these PSBs, even the private-sector banks have reported healthy growth in recoveries in Q1. For instance, Axis Bank’s recoveries and upgradations more than doubled to Rs 306 crore in Q1 FY18 and ICICI Bank’s recoveries upgradations more than tripled to Rs 2,775 crore in the June quarter. Separate numbers for upgradations and recoveries were not available for these private banks.

Axis Bank chief financial officer Jairam Sridharan told analysts after its June quarter results that some part of the watchlist will survive through this financial year or some parts of the watchlist, which have already slipped, will get recovered and upgraded through next year. ICICI Bank’s recoveries and upgradations were boosted after a part of a cement account (Jaypee) was upgraded due to the transfer of a part of the debt to a AAA rated company (UltraTech). ICICI Bank executive director NS Kannan also told analysts that the bank will employ all the tools and all the available options to maximise recovery. “That is the way we will proceed, and not just in this exposure but across the exposures in the drilldown list,” he added.

