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## NPAs: SBI puts loans worth Rs 380 crore in default

BY [MAYUR SHETTY](#), TNN | JAN 16, 2018, 12.09 PM IST

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MUMBAI: [State Bank of India's \(SBI\)](#) education loan defaulters may soon get calls from recovery agents. The country's bank has put Rs 380 crore worth of loans in default on the block. These loans will be sold at a discount to the highest bidder who will get the same rights as the bank to recover the money from defaulters.

The bank has invited offers from other lenders and asset reconstruction companies (entities that specialise in recovering [bad loans](#)) for a portfolio of 20,891 accounts.

The reserve price for the loans with an outstanding of Rs 389 crore has been fixed at Rs 114.6 crore for those willing to pay outright cash. For asset reconstruction companies, who want to pay half in cash and half by of security receipts, the reserve price is Rs 152.80.

The non-performing assets (NPAs) on the block represent over 90% of the NPAs in SBI's education loan portfolio as on March 2017. In response to a [Parliament](#) query, the finance ministry had given details of the defaults in this sector. As on March 2017, lenders had 7.67% NPAs on their total portfolio of Rs 67,678 crore amounting to Rs 5,191crore. Chennai-based [Indian Bank](#) had the highest level of NPAs at Rs 671crore.

This is the second time that SBI is selling a big chunk of its bad loans. In 2016, SBI had sold education loans worth Rs 847 crore, which were discounted more than 50%, to Reliance Asset Reconstruction Company.

The government had stood by the bank's decision stating that RBI guidelines permit banks to engage recovery agents for recovery of all

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loans. Sale of loans to Asset Reconstruction Companies (ARCs) are in line with RBI guidelines and was a part of bank's strategy to reduce NPAs, it had said. The government had however, advised lenders to adopt non-coercive differentiated strategy so far for recovery of education loans.

In September 2015, the government notified the Credit Guarantee Fund Scheme for Education Loans (CGFSEL). The fund provides guarantee for loans up to a maximum limit of Rs 7.5 lakh without any collateral or third-party guarantee. However, most of the defaults pertain to loans before 2016.

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