

# Govt to continue talks with RBI on easing non-performing asset norms

Officials said the Prime Minister's Office and Finance Minister Arun Jaitley had been apprised of the matter

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A day after [Reserve Bank of India](#) (RBI) Deputy Governor N S Vishwanathan ruled out easing new norms for non-performing asset (NPA) resolution, the government doubled down on its stance that a strict application of these norms could send too many cases to the National Company Law Tribunal (NCLT) and clog the insolvency pipeline. Business Standard has learnt from senior government sources that the finance ministry will initiate a fresh round of communication with the RBI once Governor Urjit Patel returns to India.

Patel, along with Deputy Governor Viral Acharya, is in Washington, DC for the World Bank-International Monetary Fund Spring meeting, which is slated to end on April 22.

Officials also said the Prime Minister's Office and Finance Minister Arun Jaitley had been apprised of the matter. A source said after Principal Economic Advisor Sanjeev Sanyal wrote to the RBI on the drawbacks

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of the new NPA norms, officials in the departments of economic affairs and financial services of the finance ministry also communicated to the RBI, seeking a relaxation.

“What the government has asked for is a well-defined process to deal with an NPA for the 180 days which lead up to the NCLT. The joint lending forums have gone. But we have asked the RBI whether any alternative can be set up for banks to take care of the smaller cases, thus negating the need to approach the NCLT always,” the official said. “The one-day default norm is being seen as harsh, and may specifically be detrimental for small and medium businesses,” the person said.

On Wednesday, Vishwanathan raised concerns over the large number of borrowers failing on the one-day default norm, and asked lenders to take this as a warning indicator warranting action.

Amid rising bad loans, which have crossed 10 per cent of the amount lent, the Reserve Bank had on February 12 released a revised framework on bad loan resolution, under which banks will have to disclose default even if interest repayment is overdue by just one day and have a resolution plan in place in 180 days. If it fails to find a resolution within this stipulated time, the defaulting company will have to be referred to insolvency courts.

On April 10, Patel told parliamentarians the new NPA norms would not be eased.