

Finance ministry to check readiness of PSBs on bad loan frauds

By [Dheeraj Tiwari](#), ET Bureau | Updated: Apr 10, 2018, 11:31 PM IST



Gross NPAs of PSBs stood at around Rs 7.77 lakh crore at Dec 2017 compared with Rs 2.67 lakh crore in March 2015.

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Comments

The finance ministry is soon expected to take stock from

state-run lenders on fraud in cases of [bad loans](#) and the measures taken to prevent them.

A senior finance ministry official said that a meeting will be soon convened to check progress of the public sector banks on implementing measures such as setting up of stressed asset verticals and coordination on large value loans. Each bank was to take a detailed proposal to their respective board for approval.

“We are going to take an assessment of the various initiatives that were proposed under EASE, directions for tackling bad loans were a part of this agenda,” he said adding that it is now time to further strengthen [PSBs](#) after Rs 88,000 crore has been disbursed under the Rs 2.1 lakh crore bank recapitalisation plan.

Time for Review

**GOVT PLANS MEET TO CHECK
PROGRESS OF BANKS ON
IMPLEMENTING ACTION PLAN**

PSBs TO BE ASSESSED ON

SETTING UP OF stressed asset verticals

Examine non-
performing loans
of more than

₹**50** crore



COORDINATION on large value loans



PREPARE PRE-EMPTIVE action
plan to address
risks

The gross non-performing assets or bad loans of state-run banks stood at around Rs 7.77 lakh crore at December 2017 compared with Rs 2.67 lakh crore at the end of March 2015. There are 11 banks under the regulator's prompt corrective action (PCA) plan. The capital support is linked to performance and implementation of other measures under the Enhanced Access and Service Excellence (EASE) reform agenda.

The government issued a slew of directives after the Punjab National Bank scam came to light. This included PSBs to examine nonperforming loans of more than Rs 50 crore for any sign of similar wrongdoing. They were also given 15 days to prepare a “pre-emptive” action plan to address risks.

“We will look at the preparations of the bank and if they feel there are still some lacunas that can be addressed through sharing of best practices,” the above quoted official added.

The finance ministry, in its note on Commitment to Clean and Responsive Banking, called on banks to inform the CBI, Enforcement Directorate and Directorate of Revenue Intelligence if any wrongdoing was detected.

Last month, deliberations were held between a group comprising executive directors and chief technology and risk officers of PSBs and it was decided to further strengthen the controls in the areas of trade finance, SWIFT, credit risk, operational risk besides cyber and IT risk.

“They had to place these action plans with timelines for implementation and improvement before the respective boards,” said another finance ministry official, adding that the government will soon set parameters for annual EASE Index survey of Banks and will get an independent agency on board.