

PM's office reviews progress of NPA resolution, discusses more measures

FE BUREAU

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THE PRIME MINISTER'S Office on Monday held a meeting with senior officials of the ministries of finance and corporate affairs to monitor the progress and the preparedness of institutional mechanisms to resolve the issue of massive toxic assets with banks.

The meeting was chaired by Prime Minister's additional principal secretary PK Mishra and attended by senior officials, including financial services secretary Anjuly Chib Duggal and corporate affairs secretary Tapan Ray, who also holds the additional charge of the secretary of economic affairs, a source said.

The meeting discussed various steps taken by the govern-

ment as well as the central bank to handle non-performing assets, including measures on the resolution of non-performing assets (NPAs) through the insolvency and bankruptcy code (IBC) and the RBI's move last week to recommend 12 accounts totalling 25% of bad loans for proceedings under the IBC, said the source. Gross NPAs touched ₹7.11 lakh crore as of April, with most concentrated in public-sector banks, showed Capitaline data.

Mishra is also learnt to have been briefed about the preparedness of the institutional mechanism, such as the National Company Law Tribunal, to resolve with cases under the IBC.

This is the first time that cases involving such elevated

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levels of NPAs will be dealt with under the IBC that is barely one-year old. The central bank is expected to recommend more cases for resolution under the IBC, if required.

The RBI could announce more specific measures to bring down NPAs in the banking system and also draw a possible road map to reduce the toxic assets to acceptable levels, to be shared with the government.

The 12 accounts identified by the RBI last week for insolvency proceedings are those accounts where outstanding loans were above ₹5,000 crore each, with 60% or more classified as non-performing by banks as of March 31, 2016.

The identification of these NPA accounts was done by the RBI's Internal Advisory Committee (IAC), consisting of a majority of its independent board members. Last month, through an Ordinance to the Banking Regulation (Amendment) Ordinance, 2017, the Centre authorised the Reserve Bank of India (RBI) to direct banking companies to resolve specific cases of bad loans by initiating resolution process under the new insolvency law, where required.