

# A study for NPAs of Scheduled Commercial Banks recovered through various channels

Dr. Ashok B. Trivedi

Assistant Professor [Economics], Shree B.K. Patel Arts and Smt. L.M. Patel Commerce College, Savli, Vadodara, Gujarat (India)

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### Corresponding Author

Email: abtrivedi11[at]yahoo.com

## ABSTRACT

Hopes of bankers of lesser haircuts along with resolutions of almost half of the 12 stressed assets under the insolvency proceedings are close to realization in the next two months as reported in April 2018. Nearly ten months after the Reserve Bank of India identified 12 non-performing assets (NPAs), estimated to account for 25 percent of the gross NPAs of all banks, for immediate referral under the Insolvency and Bankruptcy Code (IBC), almost five are set to see the light in the next two months. The assets close to the stage of approval by the committee of creditors, especially the steel companies, have seen satisfactory interest from strategic buyers. Haircuts are the potential losses the lenders would have to take in comparison to the debt given by them to the borrowing firms. Experts are anticipating the haircuts to be as low as 25-30 percent from earlier over 50 percent.

## 1. Introduction

Banks in India will recover only 48 per cent of their debts from the top accounts that have turned into non-performing assets (NPAs), according to a research report by Edelweiss Securities. The haircut for major banks stands at 52 per cent, if the dues of Jaypee Infrastructure, Lanco Infrastructure and Era Infrastructure are kept out of the calculation. This is down from the initial expectations of a 60 per cent haircut for the stressed accounts under insolvency proceedings. There has been a greater than expected recovery from the insolvency and debt resolution of Bhushan Steel and Bhushan Power and Steel, but that has been partially offset by debt resolution of Amtek Automobiles, Electrosteel Steels and Alok Industries. In the case of ABG Shipyard, too, says Edelweiss, the recovery of dues has been more than expected. However, at the time of going to press, ABG Shipyard had announced its unanimous rejection of the revised resolution plan submitted by the sole bidder, Liberty House.

## 2. Objective of the Study

Present article is based on the Study for NPAs of Scheduled Commercial Banks Recovered through Various Channels

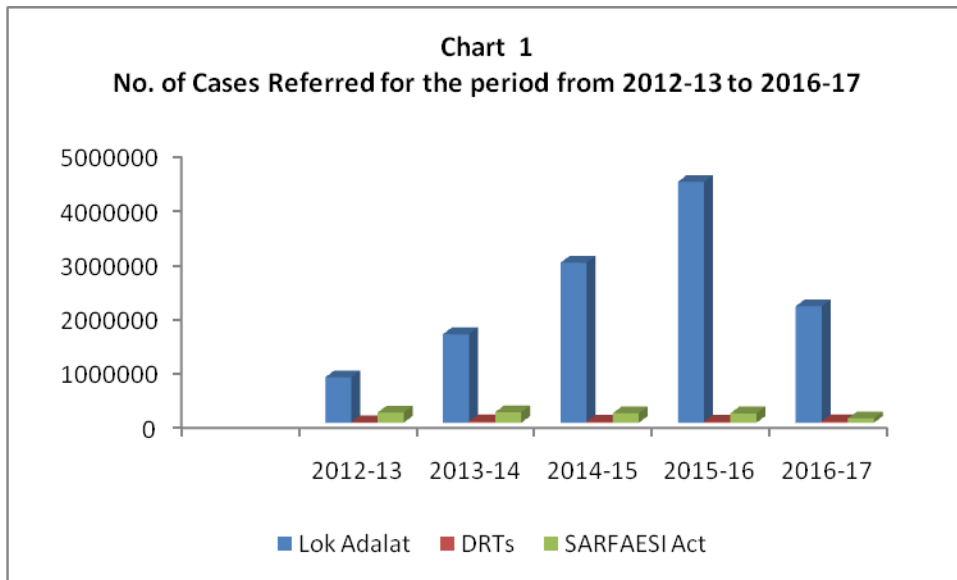
## 3. Period of Study

The study period is to be converted 5 years; from 2012-13 to 2016-17.

## [A] No. of Cases Referred for Recovery to various Recovery Channels

NPA is considered once no recovery made after all attempts researcher has focused NPA recovery Management for the present study and for that five years period has been considered. From the record received from authentic website Reserve Bank of India it is found following results.

| Year    | Recovery Channels |                                    |              | Total   |
|---------|-------------------|------------------------------------|--------------|---------|
|         | LokAdalat         | DRTs<br>Debt Recovery<br>Tribunals | SARFAESI Act |         |
| 2012-13 | 840691            | 13408                              | 190537       | 1044636 |
| 2013-14 | 1636957           | 28258                              | 194707       | 1859922 |
| 2014-15 | 2958313           | 22004                              | 175355       | 3155672 |
| 2015-16 | 4456634           | 24537                              | 173582       | 4654735 |
| 2016-17 | 2152895           | 28902                              | 80076        | 2261873 |

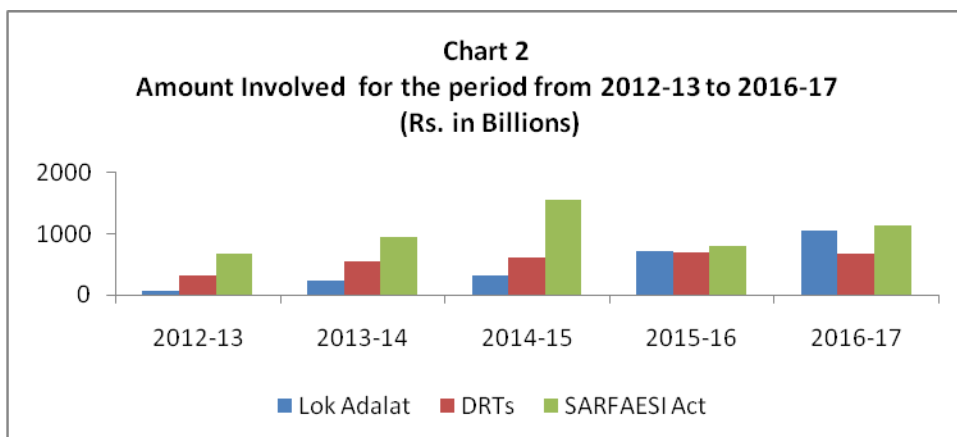


From the above table and Chart it is evident that Maximum cases are referred to LokAdalat for Recovery management during research period which is followed by SARFAESI Act

while DBT is least referred channel for recovery management during research period.

**[B] Amount involved in various Recovery Channels**

| Year    | Recovery Channels |                                    |              | Total |
|---------|-------------------|------------------------------------|--------------|-------|
|         | LokAdalat         | DRTs<br>Debt Recovery<br>Tribunals | SARFAESI Act |       |
| 2012-13 | 66                | 310                                | 681          | 1057  |
| 2013-14 | 232               | 553                                | 953          | 1738  |
| 2014-15 | 310               | 604                                | 1568         | 2482  |
| 2015-16 | 720               | 693                                | 801          | 2214  |
| 2016-17 | 1058              | 671                                | 1131         | 2860  |

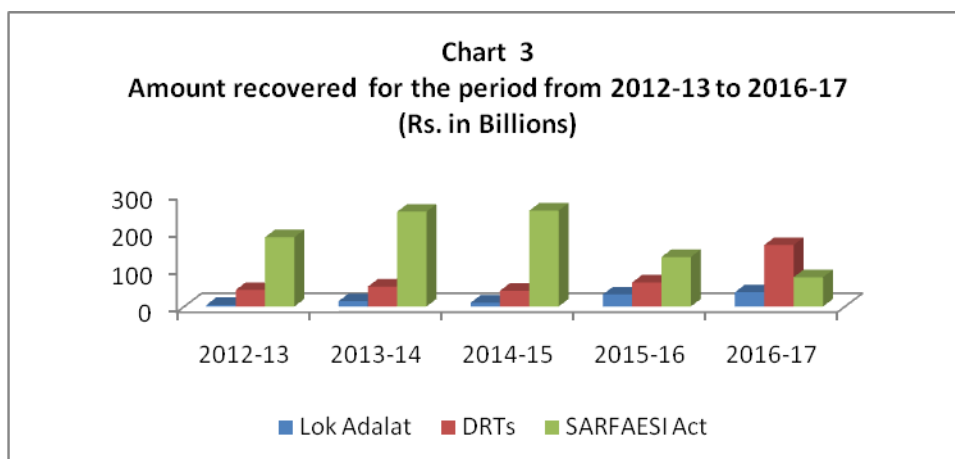


From the above table and Chart it is evident that Maximum amount involved in referred channel is SARFAESI which is

followed by DRTs and least amount involved is in LokAdalat during research period from referred channels.

**[C] Amount recovered in various Recovery Channels**

| Table 3<br>Amount recovered for the period from 2012-13 to 2016-17<br>(Rs. in Billions) |                   |                                    |              |       |
|---|-------------------|------------------------------------|--------------|-------|
| Year  | Recovery Channels |                                    |              | Total |
|   | LokAdalat         | DRTs<br>Debt Recovery<br>Tribunals | SARFAESI Act |       |
| 2012-13   | 04                | 44                                 | 185          | 233   |
| 2013-14   | 14                | 53                                 | 253          | 320   |
| 2014-15   | 10                | 42                                 | 256          | 308   |
| 2015-16   | 32                | 64                                 | 132          | 228   |
| 2016-17   | 38                | 164                                | 78           | 280   |



From the above table and Chart it is evident that Maximum amount recovered in referred channel is SARFAESI for first four years of referred channels but in the last year it is from DRTs

while least amount involved is in LokAdalat during research period from referred channels.

**4. Conclusion**

From the above study it is found that from the five years of research period four years SARSAESI ACT is the strong recovery channels. While in the last year of research period it is

found that Debt Recovery Tribunal found on top recovery channels.

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