

FinMin gets Tough on Loan Defaulters

Wilful defaulters from the corporate world may have to face a change in management if they fail to repay loans, the Finance Ministry warned on Tuesday.

On account of mounting bad loans or non-performing assets (NPAs), public sector banks have set aside around ₹90,000 crore from their earnings as provisions, and this is affecting their profitability.

As of March 2014, bad debts as a percentage of total advances stood at 4.44 per cent against 3.84 per cent at the end of March 2013. Although the bad loan situation improved in the January-March quarter from 5.07 per cent in December 2013, NPAs are still at a nine-year high.

“There will be tough action against wilful defaulters, which can include even a change of management, because so much money is stuck,” said Financial Services Secretary GS Sandhu after the annual review of public sector banks on Tuesday.

(Business Line)