

GOVERNMENT EXPECTS RECOVERIES TO EXCEED RS 1.80 LAKH CRORE IN FY19

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NEW DELHI: Enthused by the impact of new insolvency and bankruptcy law, the government expects bad loan recoveries to exceed Rs 1.80 lakh crore target for the current financial year, an official said.

Some big accounts are in the process of getting resolved while some more are lined up for resolution under the Insolvency and Bankruptcy Code ([IBC](#)), a senior [Finance Ministry](#) official told PTI.

"Going by the success rate, we hope that the recovery would exceed our own target of Rs 1.80 lakh crore through the IBC and other means," the official said citing some of the ongoing resolution of [Essar Steel](#) and Bhushan Power and Steel Ltd.

Banks hopes to write back more than Rs 1 lakh crore alone from the resolution of 12 NPA cases referred to insolvency proceedings by the RBI in its first list.

Banks recovered Rs 36,551 crore in the first quarter of 2018-19. During 2017-18, banks recovered Rs 74,562 crore.

Satisfied with the progress of IBC, Finance Minister Arun Jaitley had said "now people have become broadly aware that the rules of the game in India have changed. The banks won't chase you anymore, you will have to chase them."

As a result of this, recoveries have picked up, he had said, adding, recoveries are not just because resolutions have taken place in the NCLT but they have also picked up because of fear that if they cross redline they will be condemned to IBC process.

"The unintended consequence was that potential defaulters started realising that the moment you cross the redline, at least you will go out, and never get back. And if you have seen the last quarter or two, potential defaulters are begging, borrowing and stealing and paying back. And that's why the banks have started getting monies even outside the NCLT system from potential defaulters not wanting to cross the redline," he had said.

From the first list, two big cases Essar Steel and Bhushan Power and Steel Ltd are at the final stages of resolution, while Binani Cement and Jaypee Infratech are also under the process.

Lenders are expecting to recover almost 86 per cent of the Rs 49,000 crore loan in case of Essar Steel. ArcelorMittal has agreed to pay a total of Rs 50,000 crore, including a Rs 8,000 crore capital infusion, to acquire the firm.

In the initial round of bidding, Bhushan Power and Steel had got bids of Rs 11,000 crore from JSW Steel, Rs 17,000 crore from Tata Steel and Rs 18,500 crore from Liberty House. JSW Steel had subsequently revised its bid to Rs 19,700 crore.

Last year in June, RBI's internal advisory committee (IAC) identified 12 accounts, each having more than Rs 5,000 crore of outstanding loans and accounting for 25 per cent of total [NPAs](#) of banks.

Following the RBI's advisory, banks referred Bhushan Steel Ltd, Bhushan Power & Steel Ltd, Essar Steel Ltd, Jaypee Infratech Ltd, Lanco Infratech Ltd, Monnet Ispat & Energy Ltd, Jyoti Structures Ltd, Electrosteel Steels Ltd, Amtek Auto Ltd, Era Infra Engineering Ltd, Alok Industries Ltd and ABG Shipyard Ltd to NCLT. These accounts together have a total outstanding loan of Rs 1.75 lakh crore.

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