

# GOVERNMENT DOUBLES NPA RECOVERY FOR PSBS TO RS 1.5L CRORE THIS FISCAL

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NEW DELHI: The government expects [state-run banks](#) to recover Rs 1.5 lakh crore of bad debt during the current [financial year](#), twice the amount that lenders had managed to get out of defaulting companies.

“We are aiming to double the [NPA recovery](#) in fiscal 2019. In 2017-18 total NPA recovery was around Rs 74,000 crore. We asked banks to match last full fiscal year recovery number by the end of second half,” a senior government official said on Friday. Non-performing assets or NPAs have been a major concern for [public sector banks](#) and have pulled at least half of them into the red.

Although the situation seemed to have improved a little during the June quarter when the stock of NPAs declined marginally from Rs 10.25 lakh crore to just a shade above Rs 10 lakh crore, banks are not completely out of the woods yet, given the stiffer asset quality review and the provisioning requirements being imposed by RBI.

The government has been insisting on a focused recovery drive, including a special team to deal with the issue. At the same time, the [Insolvency and Bankruptcy Code](#) is seen to be a key source to help the lenders recover some of the dues. Up to the June quarter, public sector banks recovered around Rs 36,500 crore with the amount expected to reach Rs 75,000-80,000 crore by September-end.

The government has made recovery of bad loans a primary criterion for recapitalisation, hoping this will drive them to move faster. “Obviously, NPA recovery will be main criteria for issuing growth capital to banks. That shows the efficiency of the lender,” the official said.

*(This article was originally published in The Times of India)*

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