

Q.no

MPPSC MAINS

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Q 1 What is NPA? Describe the recent efforts to in India to fight with NPA? 250.

Ans-

The Non-Performing Assets (NPA) refers to classifications of the loan which is not paid back by the debtor in a respective time and with respective amount. This comes under the guideline of NPA. The Non-Performing Assets burden the lender or the bank financially. Thus, it disturbs the smooth functioning of the banks.

The Non-Performing Assets can be classified as substandard asset, doubtful asset or lost asset which depends on the length of time overdue and the probability of repayment.

Efforts

1. To deal with the NPA, the tribunals are set up i.e. DRT (Debt Recovery Tribunal)

2. The regulatory means of resolving NPAs as per various law like the Insolvency



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and Bankruptcy Code).

3. Some rules have been regulated and prescribed by the RBI as the remedial measures for the banks as well for the stressed assets.

4. The IBC-2016 provide a time bound 180-200 day recovery process for insolvent accounts.

5. In the case of insolvency, the loans can be restructured & assets can be liquidated to cover up the losses.

6. All the proceedings under the IBC i.e. Insolvency and Bankruptcy Code are adjudicated by the Debt Recovery Tribunal for personal insolvencies & the NCLT i.e. the National Company Law Tribunal for the corporates.

These efforts have drastically regulated the NPAs in India and are carried on further to drop down the NPA ^{growth} rate.

Excellent!

