

'Banks' gross NPAs will exceed ₹10 lakh crore in March 2022'

Slippages in retail, MSME to cause spike: Assocham, Crisil

SPECIAL CORRESPONDENT
MUMBAI

With fresh slippages in retail and MSME loans, the gross non-performing assets (GNPAs) of commercial banks are expected to exceed ₹10 lakh crore by March 2022, Assocham and Crisil said in a joint report.

“NPAs are expected to rise to 8.5-9% by March 2022, driven by slippages in retail, micro, small and medium enterprise (MSME) accounts, besides some restructured assets,” the entities said in the report.



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“The effectiveness of the Insolvency and Bankruptcy Code (IBC) will be tested by the potential spike in NPAs as the standstill on initiation of fresh insolvency cases for a year ended in March 2021 and as most of the pandemic-induced policies or measures are unlikely to be continued,” they added.

The report also noted that

the expected increase in GNPAs of both banks and non-banks would lead to resolutions through various routes, with IBC likely to be the most preferred one.

According to the report's authors, the GNPAs of banks had declined from the peak seen in March 2018 and were lower as of March 2021 vis-à-vis March 2020 on account of supportive measures, including the six-month debt moratorium, emergency credit line guarantee scheme (ECLGS) loans and restructuring measures.