GOVERNMENT OF INDIA
MINISTRY OF FINANCE
RAJYA SABHA
UNSTARRED QUESTION NO-1001
ANSWERED ON- 7/12/2021

LOANS WAIVED OFF BY PSBs

1001. SHRI MALLIKARJUN KHARGE

Will the Minister of FINANCE be pleased to state:-

(a) the details of the amount of loans waived off/written off in Public Sector Banks(PSBs) in the last five years, bank-wise;

(b) the reasons for such waiver; and

(c) the total quantum of Non-Performing Assets (NPAs) in PSBs in 2013-2014 and 2021-22, bank-wise?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (c): As per Reserve Bank of India (RBI) data, aggregate gross advances of PSBs increased from Rs. 18,19,074 crore as on 31.3.2008 to Rs. 52,15,920 crore as on 31.3.2014. As per RBI inputs, aggressive lending practices during this period along with wilful default/loan frauds/corruption in some cases, economic slowdown *etc.* were observed to be primary reasons for the spurt in the stressed assets. Asset Quality Review (AQR) initiated in 2015 for clean and fully provisioned bank balance-sheets revealed high incidence of NPAs. As a result of AQR and subsequent transparent recognition by banks, stressed accounts were reclassified as NPAs and expected losses on stressed loans, not provided for earlier under flexibility given to restructured loans, were provided for. Primarily as a result of transparent recognition of stressed assets as NPAs, as per RBI data on global operations, gross NPA ratio of PSBs rose from 4.36% as on 31.3.2014, to 14.58% as on 31.3.2018, and as a result of Government's strategy of recognition, resolution, recapitalisation and reforms, have since declined to 9.11% as on 31.3.2021.
With regard to quantum of NPAs in PSBs in 2013-14 and 2021-22, as the financial year (FY) 2021-22 is ongoing, data has been obtained from RBI up to March 2021, and details of bank-wise gross NPAs of PSBs in its domestic operation only as at the end of FY2013-14 and FY2020-21 are at Annex-I.

As per RBI guidelines and policy approved by bank Boards, non-performing loans, including, *inter-alia*, those in respect of which full provisioning has been made on completion of four years, are removed from the balance-sheet of the bank concerned by

way of write-off. Banks evaluate/consider the impact of write-offs as part of their regular exercise to clean up their balance-sheet, avail of tax benefit and optimise capital, in accordance with RBI guidelines and policy approved by their Boards. Prudential or technical write-off does not result in waiver of liabilities of borrowers to repay. As borrowers of written-off loans continue to be liable for repayment and the process of recovery of dues from the borrower in written-off loan accounts continues, write-off does not benefit the borrower. Banks continue to pursue recovery actions initiated in written-off accounts through various recovery mechanisms available, such as filing of a suit in civil courts or in Debts Recovery Tribunals, action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, filing of cases in the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016, through negotiated settlement/ compromise, and through sale of non-performing assets. Bank-wise details of amount of loans written off by PSBs during the last five financial years are at Annex-II. Further, as per RBI data, PSBs have recovered an aggregate amount of Rs. 86,986 crore in written-off loan accounts during the last five financial years. Enforcement agencies also take action for the recovery of amounts in certain cases, *e.g.* Enforcement Directorate, in cases of three fugitive economic offenders, has transferred assets worth Rs. 12,762 crores, to public sector banks.

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Annex-I referred to in
Rajya Sabha Unstarred question no. 1001, regarding Loans waived off by PSBs

Details on gross NPAs of Public Sector Banks in Domestic Operations

Amounts in crore Rs.

Bank	As on 31.3.2014			As on 31.3.2021		
	Stressed assets, including restructured standard advances not provided for			Stressed assets, including restructured standard advances		
	As percentage of gross advances	Amount	Out of (3), gross NPAs	As percentage of gross advances	Amount	Out of (6), gross NPAs
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Bank of Baroda[1]	10.19	44,739	14,495	9.17	58,810	52,346
Bank of India	11.03	29,145	10,274	15.05	54,524	47,001
Bank of Maharashtra	10.57	9,551	2,860	9.66	10,402	7,780
Canara Bank[2]	9.76	41,782	11,635	9.38	61,233	54,634
Central Bank of India	20.43	37,462	11,500	18.51	32,755	29,277
Indian Bank[3]	12.43	31,302	12,245	11.49	43,620	37,657
Indian Overseas Bank	12.41	20,102	7,838	13.41	17,473	14,804
Punjab and Sind Bank	16.40	9,490	2,554	16.12	10,929	9,334
Punjab National Bank[4]	16.43	86,717	31,347	14.57	1,04,783	1,02,411
State Bank of India[5]	10.12	1,41,156	76,030	5.72	1,24,843	1,23,963
UCO Bank	14.05	19,702	6,275	10.73	11,477	10,525
Union Bank of India[6]	11.26	52,466	19,736	15.43	98,404	87,242
IDBI Bank Limited[7]	5.36	9,949	9,949			
Total	11.62	5,33,563	2,16,739	10.21	6,29,252	5,76,974

Source: RBI data, Domestic operations

[1] Vijaya Bank and Dena Bank were amalgamated into Bank of Baroda with effect from 1.4.2019

[2] Syndicate Bank was amalgamated into Canara Bank with effect from 1.4.2020

[3] Allahabad Bank was amalgamated into Indian Bank with effect from 1.4.2020

[4] Oriental Bank of Commerce and United Bank of India were amalgamated into Punjab National Bank with effect from 1.4.2020

[5] State Bank of Bikaner and Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala, State Bank of Travancore and Bhartiya Mahila Bank Limited were merged with State Bank of India with effect from 1.4.2017

[6] Andhra Bank and Corporation Bank were amalgamated into Union Bank of India with effect from 1.4.2020

[7] IDBI Bank Limited, was recategorised as a private sector bank by RBI with effect from 21.1.2019.

Note: The figures of the banks amalgamated are incorporated into those for the respective bank into which they were amalgamated.

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Annex-II referred to in
Rajya Sabha Unstarred question no. 1001, regarding Loans waived off by PSBs

Amounts written off by Public Sector Banks in Global Operations

Amounts in crore Rs.

Bank	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Bank of Baroda[1]	6,250	7,148	19,292	15,912	14,782
Bank of India	7,346	8,976	7,405	7,618	8,815
Bank of Maharashtra	1,374	2,460	5,127	5,698	4,931
Canara Bank[2]	6,815	10,710	21,042	12,431	7,642
Central Bank of India	2,396	2,924	10,375	4,169	5,992
Indian Bank[3]	2,878	5,242	7,091	12,151	8,371
Indian Overseas Bank	3,066	6,908	7,794	16,405	4,618
Punjab and Sind Bank	491	460	1,635	1,781	71
Punjab National Bank[4]	12,227	15,631	24,076	18,444	15,877
State Bank of India[5]	27,574	39,151	58,905	52,362	34,402
UCO Bank	1,937	2,735	4,420	12,479	9,410
Union Bank of India[6]	6,460	13,371	16,040	16,426	16,983
IDBI Bank Limited[7]	2,868	12,515			

As per RBI guidelines and policy approved by bank Boards, non-performing loans, including, *inter-alia*, those in respect of which full provisioning has been made on completion of four years, are removed from the balance-sheet of the bank concerned by way of write-off. Banks evaluate/consider the impact of write-offs as part of their regular exercise to clean up their balance-sheet, avail of tax benefit and optimise capital, in accordance with RBI guidelines and policy approved by their Boards. As borrowers of written-off loans continue to be liable for repayment and the process of recovery of dues from the borrower in written-off loan accounts continues, write-off does not benefit the borrower. Banks continue to pursue recovery actions initiated in written-off accounts through various recovery mechanisms available, such as filing of a suit in civil courts or in the Debts Recovery Tribunals (DRT), action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI), filing of cases in the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code (IBC), 2016, through negotiated settlement/compromise, and through sale of non-performing assets.

Source: RBI data, Global operations

[1] Vijaya Bank and Dena Bank were amalgamated into Bank of Baroda with effect from 1.4.2019

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