GOVERNMENT OF INDIA
MINISTRY OF FINANCE
RAJYA SABHA
UNSTARRED QUESTION NO-671
ANSWERED ON- 8/2/2022

RISING NPAs OF PSBs

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Will the Minister of FINANCE be pleased to state:-

(a) whether Public Sector Banks (PSBs) have recorded operating profits of around ₹ 16 lakh crores during 2009 to 2021 and ₹ 14 lakh 40 thousand crore have been spent on settling bad loans of defaulters;

(b) if so, the details thereof, PSB -wise; and

(c) the reasons for failure of Government to check the manifold rise in NPAs of PSBs since 2014?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (c): As per Reserve Bank of India (RBI data), public sector banks (PSBs) have made operating profit of Rs. 17.18 lakh crore during the financial year (FY) 2008-09 to FY 2020-21 (details of which are at Annex) and also made an aggregate provision, including the provision for taxation, of Rs. 14.20 lakh crore approx. during the said period. Further, settlement of loans strives to maximise the recovery at minimum expense and banks do not spend, except expenses incurred on carrying out the process of recovery, *viz.* legal expenses, fees paid to recovery agents, *etc.*

As per 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. The primary reasons for the spurt in stressed assets have been observed to be, *inter-alia,* aggressive lending practices, wilful default / loan frauds in some cases, and economic slowdown. Asset Quality Review (AQR) initiated in 2015 for clean and fully provisioned bank balance-sheets revealed high incidence of non-performing assets (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, gross NPAs of PSBs rose from Rs. 2,79,016 crore (gross NPA ratio of 4.97%) as on 31.3.2015, to Rs. 8,95,601 crore (gross NPA ratio of 14.58%) as on 31.3.2018. As a result of Government's strategy of recognition, resolution, recapitalisation and reforms, have since declined to Rs. 6,16,616 crore (gross NPA ratio of 9.11%) as on 31.3.2021, and further to Rs. 5,79,011 crore (gross NPA ratio of 8.57%) as on 30.9.2021.

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Annex referred to in
Rajya Sabha Unstarred question no. 671, regarding Rising NPAs of PSBs

Details of Aggregate Operating Profits of Public Sector Banks from FY 2008-09 to FY 2020-21

Amounts in crore Rs.

Bank	Operating Profit
Bank of Baroda[1]	1,67,868
Bank of India	98,999
Bank of Maharashtra	25,855
Canara Bank[2]	1,44,567
Central Bank of India	39,136
Indian Bank[3]	95,778
Indian Overseas Bank	46,528
Punjab and Sind Bank	12,809
Punjab National Bank[4]	2,10,572
State Bank of India[5]	6,18,091
UCO Bank	42,502
Union Bank of India[6]	1,68,159
IDBI Bank Limited[7]	47,077

Source: RBI Data

[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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