

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES  
**RAJYA SABHA**  
**STARRED QUESTION NO. \*125**  
**ANSWERED ON 1<sup>st</sup> AUGUST, 2023 / SRAVANA 10, 1945 (SAKA)**

**Write-offs and gross NPAs**

**\*125. Shri Jawhar Sircar:**

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that Ministry has written-off ₹ 12,09,606 crores of all banks in the last eight years and nine months and out of the said amount how much amount is involved in frauds;
- (b) the steps taken to recover this amount and punishments meted to each of the top twenty fraudsters;
- (c) the percentage of promoters left with no or low realizable assets to monetize; and
- (d) the reasons for India's Gross NPA rate hovered between 4 per cent to 11.5 per cent in the last 10 years though the international standard range from only 0.5 per cent to 1.5 per cent?

**ANSWER**

**FINANCE MINISTER**  
**(SMT. NIRMALA SITHARAMAN)**

(a) to (d): A statement is laid on the Table of the House.

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**Statement referred to in reply to parts (a) to (d) in respect of Rajya Sabha Starred Question No. \*125 for reply on 01.08.2023 regarding Write-offs and gross NPAs asked by Shri Jawhar Sircar.**

(a) to (d): The Ministry does not write-off any loan given to borrowers by banks. As per Reserve Bank of India (RBI) guidelines and policy approved by banks' Boards, NPAs, 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 tax benefit and optimise capital, in accordance with RBI guidelines and policy approved by their Boards. Such write-off does not result in waiver of liabilities of borrowers to repay and therefore, write-off does not benefit the borrowers. The borrowers of written-off loans continue to be liable for repayment and banks continue to pursue recovery actions initiated in written-off accounts through various recovery mechanisms available to them, 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.

RBI has apprised that it does not maintain data in respect of amount written-off in accounts which were declared as fraud. However, as per RBI data on the fraud based on the date of occurrence, amount involved in fraud in Scheduled Commercial Banks (SCBs) in respect of amount involved of Rs. 1 lakh and above has declined from Rs. 12,819.57 crore in the financial year (FY) 2020-21 to Rs. 6,979.72 crore in FY 2021-22 to Rs. 1,650.27 crore in FY 2022-23.

With regard to the actions taken against the cases of fraud, banks are required to lodge complaints, immediately on detection of fraud, with law enforcement agencies. Further, RBI's Master Circular on Frauds, dated 1.7.2016, provides that no additional facilities should be granted by any bank/ financial institutions to borrowers classified as fraud and that such borrowers are debarred from availing bank finance from Scheduled Commercial Banks, Development Financial Institutions, Government owned NBFCs, Investment Institutions, *etc.*, for a period of five years from the date of full payment of the defrauded amount.

The Directorate of Enforcement (ED) has apprised that as on 28.7.2023, it has taken up 848 bank fraud cases involving both public and private sector banks for investigation under the provisions of the Prevention of Money Laundering Act, 2002 (PMLA). Necessary action as per the provisions of PMLA has been taken, which resulted in attachment of proceeds of crime amounting to Rs. 62,179 crores approx. Further, 112 persons have been arrested in these cases and 195 prosecution complaints have been filed before the PMLA special court. Also, assets amounting to Rs. 15,113.02 crore have been confiscated and restituted to the PSBs in these cases.

The Asset Quality Review (AQR) initiated by RBI in 2015 revealed high incidence of NPAs. Following the AQR results, banks initiated transparent recognition, reclassifying standard restructured advances as NPAs and providing for expected losses on such advances. Thus, primarily as a result of transparent recognition of advances with stress as NPAs, gross NPA ratio of scheduled commercial banks rose from 4.28% in March 2015 to 11.18% in March 2018. As a result of Government's 4R's strategy of recognising NPAs transparently, resolving and recovering value from stressed accounts through clean and effective laws and processes, recapitalising public sector banks, and reforms in banks and financial ecosystem, gross NPA ratio of scheduled commercial banks has since declined to 3.87% as on March 2023.

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