

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

**RAJYA SABHA
UNSTARRED QUESTION NO-1672**

ANSWERED ON TUESDAY, AUGUST 6, 2024/ SRAVANA 15, 1946 (SAKA)

NON PERFORMING ASSETS OF BANKS

1672. SHRI RANDEEP SINGH SURJEWALA

Will the Minister of FINANCE be pleased to state:-

- (a) the aggregate value of Non-Performing Assets (NPAs) held by Scheduled Commercial Banks (SCBs) over the past five years, year-wise;
- (b) the factors contributing to the notable rise in NPAs despite fiscal reforms;
- (c) the total value of NPAs that were written off during the last five years, year-wise; and
- (d) the actions taken to recover funds and the actual amounts reclaimed by SCBs from previously written-off accounts over the past five years, year-wise?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) to (d): As per Reserve Bank of India (RBI) data, gross NPAs (GNPA) of SCBs was Rs. 8,96,082 crore (GNPA ratio of 8.21%) as on 31.3.2020, Rs. 8,35,051 crore (GNPA ratio of 7.33%) as on 31.3.2021, Rs. 7,42,397 crore (GNPA ratio of 5.82%) as on 31.3.2022, Rs. 5,71,544 crore (GNPA ratio of 3.87%) as on 31.3.2023 and Rs. 4,80,687 crore (GNPA ratio of 2.75%) as on 31.3.2024 (provisional data). It indicates that gross NPAs in SCBs have been declining over the past five years.

Year-wise details of written-off loans and the amount recovered from written-off accounts by SCBs during the last five financial years (FY), are as under.

(Amounts in crore Rs.)

FY	Written-off loans	Recovery in written-off accounts
FY 2019-20	2,34,170	30,016
FY 2020-21	2,02,781	30,104
FY 2021-22	1,74,966	33,534
FY 2022-23	2,08,037	45,431
FY 2023-24*	1,70,269	44,893

*Source: RBI, *provisional data*

As per 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 the said guidelines and policies of the respective 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.

Comprehensive steps have been taken to recover NPAs, including written-off loans, which include, *inter alia*, the following:

- (1) Change in credit culture has been effected, with the Insolvency and Bankruptcy Code, 2016 (IBC) fundamentally changing the creditor-borrower relationship by taking away control of the defaulting company from promoters/owners. To make the process more stringent, personal guarantor to corporate debtor has also been brought under the ambit of IBC.
- (2) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and the Recovery of Debts and Bankruptcy Act, 1993 has been amended to make it more effective.
- (3) The pecuniary jurisdiction of Debt Recovery Tribunal (DRTs) was increased from Rs. 10 lakh to Rs. 20 lakh, to enable the DRTs to focus on high value cases resulting in higher recovery for the banks and financial institutions.
- (4) National Asset Reconstruction Company Limited has been set up as an asset reconstruction company for resolution of large NPAs.
- (5) PSBs have created Stressed Asset Management Verticals for stringent recovery.
