

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO-883#

ANSWERED ON TUESDAY, JULY 30, 2024/ SRAVANA 8, 1946 (SAKA)

RISE IN NON-PERFORMING ASSETS

883#. SHRI SANJAY SINGH

Will the Minister of FINANCE be pleased to state:-

- (a) the details of the amount of all the Banks and financial institutions including Government Banks of the country, which has become NPA during the last five years;
- (b) the amount of loan which has been written off, haircut, waived off by the Banks during the said period, the details thereof;
- (c) the amount of loan of the private institutions waived off under NPA out of the total loans; and
- (d) the plan of Government to recover the loans which have turned into NPA and the percentage loan of the total NPA, recovered under this plan till date?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) to (d): As per Reserve Bank of India (RBI) data, fresh slippages to NPA in scheduled commercial banks (SCBs) was Rs. 3,43,598 crore, Rs. 2,55,760 crore, Rs. 2,85,686 crore, Rs. 2,13,588 crore and Rs. 2,18,404 crore during the financial year (FY) 2019-20, FY 2020-21, FY 2021-22, FY 2022-23 and FY 2023-24 respectively.

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. As per RBI data, SCBs, during the last five financial years, have written-off an aggregate loan amount of Rs. 9.90 lakh crore, including those pertaining to private institutions.

Comprehensive steps have been taken to recover NPAs, 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.
- (6) Prudential Framework for Resolution of Stressed Assets was issued by RBI in 2019 to provide a framework for early recognition, reporting and time bound resolution of stressed assets, with a build-in incentive to lenders for early adoption of a resolution plan.

Recovery in NPAs, including written-off loans during the financial year as percentage of gross NPAs at the beginning of the financial year was 15.8% in FY 2019-20, 12.8% in FY 2020-21, 16.5% in FY 2021-22, 21.5% in FY 2022-23 and 21.6% in FY 2023-24.
