

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO. 2008

Answered on Tuesday, March 18, 2025/27 Phalguna, 1946 (Saka)

Disinvestment of PSBs

2008. Shri R. Girirajan:

Will the Minister of Finance be pleased to state:

- a) whether the Government has plans to disinvest four Public Sector Banks (PSBs) with any foreign or private banks or to merge with larger banks by 2026, if so, the details thereof;
- b) whether PSBs have been plagued by huge NPAs, stressed assets and willful defaulters in the last five years, if so, the details thereof;
- c) the total loans waived off in the last five years, Bank-wise; and
- d) the effective measures taken by Government to recover huge NPAs and loan dues from willful defaulters?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a): No, Sir. Currently, there is no such proposal under consideration of the Government in this regard.

(b): As per the Reserve Bank of India (RBI) data, gross NPAs (GNPA) of Public Sector Banks (PSBs) have declined to ₹ 3,39,541 crore (GNPA ratio 3.47%) in March 2024 from ₹ 6,78,317 crore (GNPA ratio 10.25 %) in March 2020.

Further, stressed assets, including restructured standard advances in PSBs have declined to ₹ 4,50,061 crore from ₹ 7,11,109 crore during the same period.

Also, increase in the number of wilful defaulters having aggregate exposure of ₹ 5 crore and above has declined to 47 in March 2024 from 193 in March 2020.

(c) Banks write-off non-performing assets (NPAs), including, *inter-alia*, those in respect of which full provisioning has been made on completion of four years, as per the RBI guidelines and policy approved by banks' Boards. Such write-off does not result in waiver of liabilities of borrowers and therefore, it does not benefit the borrower. The borrowers continue to be liable for repayment and banks continue to pursue recovery actions initiated in these accounts. 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.

Bank-wise and year-wise details of the loans written-off by Public Sector Banks during the last five financial years are at **Annex**. Further, recovery in written-off loans is an ongoing process and banks

continue pursuing their recovery actions initiated against borrowers under the various recovery mechanism 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, filing of cases in the National Company Law Tribunal under the Insolvency and Bankruptcy Code, *etc.*

(d): Comprehensive measures have been taken by the Government and RBI to deter wilful default and to reduce and recover NPAs, including those pertaining to wilful defaulters, leading to improved financial stability and financial health of banks. Such measures include, *inter alia*, the following:

- (i) Wilful defaulters are not sanctioned any additional facilities by banks or financial institutions, and their unit is debarred from floating new ventures for five years. Further, wilful defaulters and companies with wilful defaulters as promoters/directors have been debarred from accessing capital markets to raise funds.
- (ii) As per RBI's Master Direction on Treatment of Wilful Defaulters and Large Defaulters, banks may initiate criminal proceedings against wilful defaulters in eligible cases.
- (iii) For effective action against fugitive offenders, including wilful defaulters, the Fugitive Economic Offenders Act, 2018 has been enacted which provides for attachment and confiscation of property of fugitive offenders and has disentitled them from defending any civil claim.
- (iv) Change in credit culture has been effected, with IBC fundamentally changing the creditor-borrower relationship, taking away control of the defaulting company from promoters, and debarring wilful defaulters from the resolution process.
- (v) Under the PSB Reforms Agenda, comprehensive and automated Early Warning Systems (EWS) were instituted in PSBs, with ~80 EWS triggers and use of third-party data for time-bound remedial actions in the borrowing accounts to proactively detect stress and in turn reducing slippage into NPAs.
- (vi) Prudential Framework for resolution of stressed assets was issued by RBI 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.

Rajya Sabha Unstarred Question no. 2008 for 18.3.2024 regarding “Disinvestment of PSBs**Details of loans written off during the last five financial years of Public Sector Banks****Amount in Rs. Crore**

Bank	Loans written-off by Public Sector Banks					
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25* (till 31.12.2024)
Bank of Baroda (BoB)	15,912	14,782	17,967	17,998	10,518	7,007
Bank of India	7,618	8,815	10,443	8,694	9,897	5,688
Bank of Maharashtra	5,698	4,931	3,118	1,491	990	679
Canara Bank	7,498	9,132	8,422	12,760	11,827	9,328
Syndicate Bank	4,934	Merged with Canara Bank				
Central Bank of India	4,169	5,992	1,236	10,258	10,001	1,351
Indian Bank	3,032	8,371	8,347	7,952	8,734	4,084
Allahabad Bank	9,120	Merged with Indian Bank				
Indian Overseas Bank	16,405	4,618	3,769	3,412	7,179	835
Punjab and Sind Bank	1,781	71	1,134	2,283	796	1,099
Punjab National Bank (PNB)	13,365	15,877	18,312	16,578	18,317	10,030
Oriental Bank of Commerce	3,351	Merged with PNB				
United Bank of India	1,728					
UCO Bank	12,479	9,410	3,851	2,575	1,938	1,261
Union Bank of India (UBI)	8,417	16,983	19,484	19,175	18,264	10,404
Andhra Bank	4,195	Merged with UBI				
Corporation Bank	3,814					
State Bank of India	52,362	34,402	19,666	24,061	16,161	10,263

Source: RBI provisional data for FY 2024-25