

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**RAJYA SABHA**  
**UNSTARRED QUESTION NO-2617**

ANSWERED ON TUESDAY, AUGUST 12, 2025/21 SRAVANA, 1947 (SAKA)

**LOAN WRITE-OFFS AND RECOVERIES BY BANKS**

2617. SHRI RANDEEP SINGH SURJEWALA:

Will the Minister of FINANCE be pleased to state:-

- (a) the total amount of loans written off by public sector and scheduled private sector banks during each of the last five years, including Financial Year 2025-26;
- (b) the amount recovered from these written-off loans by these banks during the same period;
- (c) whether the sharp rise in write-offs by private sector banks in Financial Year 2025-26 indicates any dilution in underwriting standards and worsening of asset quality, if so, the details thereof; and
- (d) the measures being undertaken to ensure better recovery rates from written-off accounts and to strengthen the overall financial health of the banking sector?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) to (d): Year-wise details of non-performing assets (NPAs) which have been written-off and recovery in written-off loans, by Public Sector Banks (PSBs), Private Sector Banks (PVBs) and Scheduled Commercial Banks (SCBs), during the last five financial years (FY), are at **Annex**.

Banks write-off NPAs, including, *inter-alia*, those in respect of which full provisioning has been made on completion of four years, as per the Reserve Bank of India (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.

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.*

With regard to dilution in underwriting standards and worsening of asset quality, it is submitted that gross NPAs and Slippage Ratio, *i.e.* fresh accretion of NPAs as a percentage of standard advances, have been continuously declining for the last four financial years. It indicates that asset quality as well as underwriting has improved in SCBs, including PSBs and PVBs. Further, the Recovery Rate in written-off loans *i.e.* Recovery in written-off loans during the FY as percentage of written-off loans during the same FY, has also improved during the last four FYs in SCBs. The details of gross NPAs, Slippage Ratio and Recovery Rate in written-off loans of SCBs are as under:

<b>As on</b>	<b>Gross NPA Ratio (%)</b>	<b>Slippage Ratio (%)</b>	<b>Recovery Rate in written-off loans (%)</b>
31.03.2022	5.82	2.74	19.14
31.03.2023	3.87	1.78	21.06
31.03.2024	2.75	1.54	27.04
31.03.2025*	2.22	1.36	34.77

*Source: RBI (\*provisional data for FY 2024-25)*

Comprehensive measures have been taken by the Government and RBI to recover and reduce NPAs, including from written-off loans. These measures include, *inter alia*, the following:

- (1) Change in credit culture has been effected, with the Insolvency and Bankruptcy Code (IBC) fundamentally changing the creditor-borrower relationship, taking away control of the defaulting company from promoters/owners, and debarring wilful defaulters from the resolution process. 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 Debt and Bankruptcy Act have been amended to make it more effective.
- (3) Pecuniary jurisdiction of Debt Recovery Tribunal (DRTs) was increased from Rs. 10 lakhs to Rs. 20 lakhs to enable the DRTs to focus on high value cases resulting in higher recovery for the banks and financial institutions.
- (4) Public Sector Banks have set-up specialized stressed assets management verticals and branches for effective monitoring and focused follow-up of NPA accounts, which facilitates quicker and improved resolution/ recoveries. Deployment of Business correspondents and adoption of Feet-on-street model have also boosted the recovery trajectory of NPAs in banks.
- (5) 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.

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Rajya Sabha Unstarred question no. 2617, regarding Loan write-offs and recoveries by banks

Details of NPAs written-off and recovery in written-off loans

(Amounts in crore Rs.)

Financial Year	Public Sector Banks		Private Sector Banks		Scheduled Commercial Banks	
	Written-off loans	Recovery in written-off loans	Written-off loans	Recovery in written-off loans	Written-off loans	Recovery in written-off loans
2020-21	1,33,384	24,781	66,863	5,023	2,04,272	30,104
2021-22	1,15,748	24,739	53,098	8,170	1,75,178	33,534
2022-23	1,27,238	35,378	83,248	9,445	2,16,324	45,551
2023-24	1,14,622	37,369	47,403	8,078	1,70,263	46,036
2024-25*	91,260	42,563	58,430	10,835	1,57,029	54,599

Source: RBI (\*provisional data for FY 2024-25)

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