

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA
UNSTARRED QUESTION NO: 1208

TO BE ANSWERED ON THE 9TH FEBRUARY 2018/MAGHA 20, 1939 (SAKA)

QUESTION
LOANS WRITTEN OFF

1208: SHRIK. ASHOK KUMAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether in contrast to the write off amount of Rs. 27,231 crore in 2012-13 when banks earned combined net profit of Rs. 45,849 crore, the amount of loans written off in 2016-17 trebled to Rs. 81,663 crore and the banks combined profit were Rs. 474 crore, if so, the details thereof;
- (b) whether in the past couple of years, public sector undertaking banks incurred combined net losses of over Rs. 19,529 crore, if so, the details thereof;
- (c) whether the Government capital infusion during these two years has been around Rs. 47,915 crore are of the highest in the last decade; and
- (d) if so, the details thereof and the correctivesteps taken by the Government in this regard?

ANSWER

To be answered by
THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHIV PRATAP SHUKLA)

(a) and (b): As per Reserve Bank of India (RBI) data, for Scheduled Commercial Banks, in 2012-13, the combined net profit was Rs. 91,164 crore and the write-off amount was Rs. 32,992 crore. In 2016-17, the combined net profit was Rs. 43,898 crore, and the write-off amount was Rs. 1,08,373 crore.

Asset Quality Review initiated by Reserve Bank of India (RBI) in 2015, and subsequent transparent recognition by banks, revealed high NPAs. Consequently provisioning requirement for expected losses on account of transparently recognised NPAs has increased, impacting profitability of banks. Further, since write-off of fully provisioned accounts enables banks to avail of tax benefits and optimally utilise capital, higher amount was written-off subsequent to NPA recognition.

(c) and (d): The amount of capital infused by the Government into Public Sector Banks during the last two financial years was Rs. 49,997 crore, which is higher than the amount infused in earlier years over the last decade. Increase in the amount of capital infused was in consequence of higher provisioning required as a result of NPA recognition and for meeting increased capital requirement under the Basel-III framework. To improve capital adequacy, Government has announced recapitalisation of Public Sector Banks to the extent of Rs. 2,11,000 crore in the current and next financial years, including raising of about Rs. 58,000 crore by the banks from the market. To improve internal capital generation, banks have stepped up recovery efforts, and these have been supplemented by enactment of the Insolvency and Bankruptcy Code, which provides for time bound resolution of stressed assets.
