GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO: **1753**
TO BE ANSWERED ON THE 27th JULY, 2018/SHRAVANA 05, 1940 (SAKA)

QUESTION
RESOLVING NPAs OF PSBs

1753: SHRI RAM MOHAN NAIDU KINJARAPU:

Will the Minister of FINANCE be pleased to state:

(a) the details of Non-Performing Asset (NPA) write-off by Public Sector Banks (PSBs) from 2010-11 to 2017-18; and
(b) the measures taken by the Government in resolving NPAs of PSBs from June, 2014 onwards?

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

(a): As per Reserve Bank of India (RBI) guidelines and policy approved by bank Boards, non-performing loans, 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. Thus, the amounts written off during recent financial years are substantially on account of such stressed loan accounts of earlier years, which have been transparently recognised following AQR and fully provisioned. Banks write-off NPAs as part of their regular exercise to clean up their balance-sheet, tax benefit and capital optimisation. Borrowers of such written-off loans continue to be liable for repayment. Recovery of dues takes place on ongoing basis under legal mechanisms which include, *inter alia,* the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) and Debts Recovery Tribunals. Therefore, write-off does not benefit the borrower.
The details of reduction in NPAs due to write-offs (including compromise) of Public Sector Banks (PSBs) from financial years 2010-11 to 2017-18 are at Annexure.
(b): A number of measures have been taken to expedite and enable resolution of NPAs of PSBs over the last four years. The Insolvency and Bankruptcy Code, 2016 (IBC) has been enacted to create a unified framework for resolving insolvency and bankruptcy matters. Under this, by adopting a creditor-in-saddle approach, with the interim resolution professional taking over management of affairs of corporate debtor at the outset, the incentive to resort to abuse of the legal system has been taken away. This, coupled with debarment of wilful defaulters and persons associated with NPA accounts from the resolution process, has effected a fundamental change in the creditor-debto

relationship. The Banking Regulation Act, 1949 has been amended, to provide for authorisation to RBI to issue directions to banks to initiate the insolvency resolution process under IBC. As per RBI's directions, cases have been filed under IBC before the National Company Law Tribunal (NCLT) in respect of 39 large defaulters, amounting to about Rs. 2.69 lakh crore funded exposure (as of December 2017).
SARFAESI Act has been amended to make it more effective with provision for three months imprisonment in case the borrower does not provide asset details and for the lender to get possession of mortgaged property within 30 days. Also, six new Debts Recovery Tribunal have been established to expedite recovery.

In addition, under the PSBs Reforms Agenda, PSBs have created Stressed Asset Management verticals for stringent recovery, segregated pre- and post-sanction follow-up roles for clean and effective monitoring, initiated creation of online one-time settlement platforms and committed to monitoring large-value accounts through specialised monitoring agencies.

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Annexure

Lok Sabha Unstarred Parliament Question No. 1753, for 27.7.2018

Reduction in NPAs due to write-offs including compromise of Public Sector Banks

Amounts in crore Rs.

Financial Year	Amount
2010-11	17,794
2011-12	15,551
2012-13	27,231
2013-14	34,409
2014-15	49,018
2015-16	57,585
2016-17	81,683
2017-18	1,28,229

*Write-offs are done after full provisioning, and as per RBI's guidelines and policy approved by bank Boards, non-performing loans, 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. Further, the process of recovery of dues from the borrower in such loan accounts continues and, therefore, the write-off does not benefit the borrower.

Source: RBI (global operations)

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