

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA  
UNSTARRED QUESTION NO: †996  
TO BE ANSWERED ON THE 8<sup>th</sup> FEBRUARY, 2019/MAGHA 19, 1940 (SAKA)

QUESTION  
Loan Waiver

†996: SHRI VIJAY KUMAR HANSDAK:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has made any review/investigation of the work of loan waiver and writing off debts by RBI Board/Bank Board;
- (b) if so, the outcome of the said review/investigation;
- (c) whether the banks have any right to protest over the decision of their Board and RBI Board on loan waiver and writing off debts; and
- (d) if not, the reasons therefor?

ANSWER

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

(a) to (d): RBI's Board does not waive or write-off loans.

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. Banks themselves write-off Non Performing Assets as part of their regular exercise to clean up their balance-sheet, tax benefit and capital optimisation in accordance with RBI guidelines and policy approved by their Boards. As borrowers of written-off loans continue to be liable for repayment and the process of recovery of dues from the borrower in written-off loan accounts continues, write-off does not benefit the borrower. With regard to loan waiver schemes, banks take decision in accordance with their loan policy after factoring in the outcome of the scheme in terms of payment from public exchequer for settlement of loan accounts. Scrutiny of written-off accounts and accounts settled under loan waiver schemes is covered under the audit process.

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