

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO: 295
TO BE ANSWERED ON THE 24th JUNE, 2019/ASHADHA 3, 1941(SAKA)

QUESTION
Write Off of Bank Loans

295: SHRI M.K. RAGHAVAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the write off figures on bank loans are rising every year, much faster than recoveries and recapitalization;
- (b) if so, the details thereof during each of the last three years and the current year, bank-wise;
- (c) the measures to recover that money especially when substantial asset is available;
- (d) the details of the measures adopted to such write off and the details of the authorized person to execute a write off; and
- (e) the details of the total write off carried out during each of the last ten years, bank-wise?

ANSWER
To be answered by
FINANCE MINISTER
(SMT. NIRMALA SITHARAMAN)

(a) to (e): No, sir. The year-on-year rise in recoveries and recapitalisation in Public Sector Banks (PSBs) during financial year 2018-19 was much faster than the rise in write-off figures on bank loans. Recoveries and recapitalisation rose by Rs. 61,593 crore (comprising of a rise of Rs. 45,593 crore in recoveries, as per RBI data, and Rs. 16,000 crore in recapitalisation), whereas write-off figures grew by Rs. 36,377 crore (as per RBI data).

As per Reserve Bank of India (RBI) data on global operations, aggregate gross advances of Public Sector Banks (PSBs) increased from Rs. 18,19,074 crore as on 31.3.2008 to Rs. 52,15,920 crore as on 31.3.2014. As per RBI inputs, the primary reasons for spurt in stressed assets have been observed to be, *inter-alia*, aggressive lending practices, wilful default / loan frauds / corruption in some cases, and economic slowdown. Asset Quality Review (AQR) initiated in 2015 for clean and fully provisioned bank balance-sheets revealed high incidence of NPAs. As a result of AQR and subsequent transparent recognition by banks, stressed accounts were reclassified as NPAs and expected losses on stressed loans, not provided for earlier under flexibility given to restructured loans, were provided for. Further, all such schemes for restructuring stressed loans were withdrawn. Primarily as a result of transparent recognition of stressed assets as NPAs, gross NPAs of PSBs, as per RBI data on global operations, rose from Rs. 2,79,016 crore as on 31.3.2015, to Rs. 8,95,601 crore as on 31.3.2018, and as a result of Government's 4R's strategy of recognition, resolution, recapitalisation and reforms, have since declined by Rs. 89,189 crore to Rs. 8,06,412 crore as on 31.3.2019 (provisional data).

As per 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.

Government has taken comprehensive steps under its 4R's strategy of recognising NPAs transparently, resolving and recovering value from stressed accounts, recapitalising PSBs, and reforms in banks and financial ecosystem to ensure a responsible and clean system.

To improve recovery, a number of steps have been taken including, *inter-alia*, the following:

- (1) The Insolvency and Bankruptcy Code, 2016 (IBC) has been enacted, which has provided for the taking over management of the affairs of the corporate debtor at the outset of the corporate insolvency resolution process. Coupled with debarment of wilful defaulters and persons associated with NPA accounts from the resolution process, this has effected a fundamental change in the creditor-debtor relationship. Further, 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 under the aforesaid amended provision in the Banking Regulation Act, 1949, banks have been filed cases under IBC before the National Company Law Tribunal (NCLT) in respect of RBI-specified borrowers.
- (2) Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest 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 Tribunals have been established to expedite recovery.
- (3) Under the PSB Reforms Agenda, PSBs have created Stressed Asset Management Verticals to focus attention on recovery, segregated monitoring from sanctioning roles in high-value loans and entrusted monitoring of loan accounts of above Rs. 250 crore to specialised monitoring agencies for clean and effective monitoring, and created online end-to-end One-Time Settlement platforms for timely and better realisation.

Enabled by the above steps, as per RBI data on global operations, PSBs have recovered Rs. 3.59 lakh crore over the last four financial years, including record recovery of Rs. 1.23 lakh crore during 2018-19.

As per RBI data on global operations, PSBs-wise details of amounts written-off during the last ten financial years are at Annex.

Note: Figures cited above for PSBs include those for IDBI Bank Limited, which was recategorised as a private sector bank by RBI with effect from 21.1.2019.

Lok Sabha Unstarred Parliament Question No. 295, for 24.6.2019

Reduction in NPAs of Public Sector Banks (including IDBI Bank Limited) — due to write-offs (including compromise)

Bank	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	Remarks
Allahabad Bank	643	720	1,001	1,352	82	2,109	2,126	2,442	3,635	4,219	<p>Asset Quality Review (AQR) initiated in 2015 for clean and fully provisioned bank balance-sheet revealed high incidence of Non-Performing Assets (NPAs). As a result of AQR and subsequent transparent recognition by PSBs, stressed accounts were reclassified as NPAs and expected losses on stressed loans, not provided for earlier under flexibility given to restructured loans, were provided for. All such schemes for restructuring stressed loans were withdrawn. Primarily as a result of transparent recognition of stressed assets as NPAs, the gross NPAs of Public Sector Banks (PSBs) increased. Enabled by Government's strategy, as per RBI data on global operations, PSBs have recovered Rs. 3.59 lakh crore over the last four financial years, including record recovery of Rs. 1.23 lakh crore during 2018-19, and Provision coverage ratio has increased from 46% in March 2015 to 74.2% in March 2019.</p> <p>As per RBI guidelines and bank-Board approval policy, non-performing loans, including, <i>inter-alia</i>, 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 in the way of write-off for cleaning up their balance sheets, availing tax benefit and achieving capital optimisation. As the process of recovery of dues from the borrower in written-off loan accounts continues, write-off does not benefit the borrower.</p>
Andhra Bank	192	150	169	334	263	1,124	814	1,623	1,666	2,280	
Bank of Baroda	515	501	1,215	2,356	964	1,563	1,554	4,348	4,948	13,102	
Bank of India	744	880	2,415	2,415	1,767	866	2,374	7,346	8,976	7,405	
Bank of Maharashtra	236	350	395	663	401	264	903	1,374	2,460	5,127	
Canara Bank	1,290	1,050	1,460	1,535	1,591	1,472	3,387	5,545	8,310	14,267	
Central Bank of India	294	554	629	1,061	1,995	1,386	1,334	2,396	2,924	10,375	

CorporationBank	267	543	565	709	463	779	2,495	3,574	8,228	5,989	
Dena Bank	185	196	194	237	479	515	760	833	661	4,672	
IDBI Bank Ltd.	477	884	319	383	1,393	1,609	5,459	2,868	12,515	15,918	
Indian Bank	388	590	506	520	628	550	926	437	1,606	2,872	
Indian Overseas Bank	389	971	1,166	1,642	1,474	2,087	2,067	3,066	6,908	7,794	
OrientalBank of Commerce	389	696	933	1,416	1,252	925	1,668	2,308	6,357	6,457	
Punjab and Sind Bank	81	66	39	50	204	263	335	491	460	1,635	
Punjab National Bank	853	1,592	126	997	1,947	5,996	6,485	9,205	7,407	9,983	
Syndicate Bank	419	351	891	1,297	1,025	1,055	1,430	1,271	2,400	6,775	
UCO Bank	371	586	391	617	1,423	0	1,573	1,937	2,735	4,420	
Union Bank of India	513	1,126	938	1,129	913	931	792	1,264	3,477	7,771	
United Bank of India	174	415	233	1,094	481	761	649	714	1,867	5,365	
Vijaya Bank	479	327	214	543	296	791	510	1,068	1,539	1,518	
State Bank of Bikaner and Jaipur	23	166	275	463	399	363	643	1,560	0	0	
State Bank of Hyderabad	71	202	265	343	31	355	1,204	1,430	0	0	
State Bank of India	1,990	4,007	744	5,594	13,177	21,303	15,955	20,339	39,151	58,905	
State Bank of Indore	57	0	0	0	0	0	0	0	0	0	
State Bank of Mysore	20	311	165	275	403	740	588	161	0	0	
State Bank of Patiala	5	410	120	28	463	755	1,156	3,528	0	0	
State Bank of Travancore	124	152	182	176	196	456	398	556	0	0	

Source: RBI, Global Operations

