

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
LOK SABHA
UNSTARRED QUESTION NO. 3584
ANSWERED ON 15.07.2019

OLD CURRENCY SWAP

3584. SHRI KOTHA PRABHAKAR REDDY:

Will the Minister of FINANCE be pleased to state:

- (a) the total amount of old currency swap by the Government in 2016-17;
- (b) the total amount of new currency pumped in the market till the end of demonetisation and till date;
- (c) the details of total Non-Performing Assets (NPAs) in percentage term and the total GDP at the end of demonetisation and till date, respectively;
- (d) whether it was possible to track the defaulter NPAs at the time of demonetisation; and
- (e) if so, the details thereof along with the reaction of the Government thereto and if not, the reasons therefor?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

- (a): The total value of Specified Bank Notes (SBNs) returned from circulation is Rs.15,310.73 billion.
- (b): Details of currency supplied in last two years is as follows:

(In mpcs)

Year	Rs.10	Rs.20	Rs.50	Rs.100	Rs.200	Rs.500 (Old Design)	Rs.500 (New Design)	Rs. 1000	Rs. 2000	Total	Value Crore
2016-2017	2,785	4,118	2,700	5,738	0	2,013	7,260	925	3,504	29,043	13,38,851
2017-2018	4,313	2,051	2,793	3,170	2,832	0	9,693	0	151	25,003	6,25,570

(c): Gross NPA of Scheduled Commercial Banks to Gross Advances, as per RBI data on global operations, were 9.20% as on 31.12.2016 and 9.08% as on 31.3.2019. Gross Domestic Product at Current Market Prices in year 2016-17, 2017-18 and 2018-19 (Provisional Estimate) were ₹ 1,53,62,386 crore, ₹ 1,70,95,005 crore and ₹ 1,90,10,164 crore.

(d) & (e): In terms of the RBI circular on Reporting to Central Repository of Information on Large Credits (CRILC) dated May 22, 2014 and subsequent amendments thereto, lenders shall report credit information, including classification of an account as Special Mention Accounts (SMA) to Central Repository of Information on Large Credits (CRILC), on all borrowers having aggregate exposure of ₹ 5 crore and above with them.

As per Reserve Bank of India (RBI) data on global operations, aggregate gross advances of Scheduled Commercial Banks (SCBs) increased from Rs.25,03,431 crore as on 31.3.2008 to Rs.68,75,748 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 balances-sheets revealed high incidence of Non-Performing Assets (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 NPA ratio of SCBs, as per RBI data on global operations, rose from 4.28% as on 31.3.2015 to 9.20% as on 31.12.2016 and to 11.18% as on 31.3.2018, and as a result of Government's 4R's strategy of recognition, resolution, recapitalisation and reforms, have since declined to 9.08% as on 31.3.2019 (provisional data).

Government has implemented a comprehensive 4R's strategy consisting of recognition of NPAs transparently, resolution and recovering value from stressed accounts, recapitalising Public Sector Banks (PSBs), and reforms in PSBs and financial ecosystem to reduce NPAs and strengthen PSBs. Steps taken under this strategy include, inter-alia, the following:

- (1) Change in credit culture was 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 willful defaulters from the resolution process and debarring them from raising funds from the market.
- (2) Over the last four financial years, PSBs were recapitalized to the extent of Rs. 3.12 lakh crore, with infusion of Rs. 2.46 lakh crore by the Government and mobilization of over Rs. 0.66 lakh crore by PSBs themselves.
- (3) Key reforms were instituted in PSBs as part of PSBs Reforms Agenda, include the following:
 - (i) Board-approved Loan Policies of PSBs now mandate tying up necessary clearances/approvals and linkages before disbursement, scrutiny of group balance-sheet and ring-fencing of cash flows, non-fund and tail risk appraisal in project financing.
 - (ii) Use of third-party data sources for comprehensive due diligence across data sources has been instituted, thus mitigating risk on account of misrepresentation and fraud.
 - (iii) Monitoring has been strictly segregated from sanctioning roles in high-value loans, and specialized monitoring agencies combining financial and domain knowledge have been deployed for effective monitoring of loans above Rs. 250 crore.
 - (iv) To ensure timely and better realization in one-time settlements (OTs), online end-to-end OTS platforms have been set up.

Enabled by the above steps, financial gains from cleaning of the banking system are now amply visible. Gross NPAs of SCBs, as per RBI data on global operations (including provisional data for March 2019, as reported on 2.7.2019), have reduced over the last financial year by Rs.1,02,562 crore, and recovery of Rs.4,01,424 crore has been effected by these banks over the last four financial years, including a record recovery of Rs.1,56,746 crore in the last financial year.
