

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO-2864
ANSWERED ON 7th AUGUST / SRAVANA 16, 1945 (SAKA)

WRITTEN-OFF LOANS

2864. SHRI VENKATESH NETHA BORLAKUNTA
DR. G. RANJITH REDDY

Will the Minister of FINANCE be pleased to state:-

- (a) whether the net written-off loans by Public Sector Banks was Rs. 1.17 lakh crores in 2017-18 and has consistently been hovering around Rs. 1 lakh crores till the last financial year;
- (b) the details of the net written-off loans in 2022-23;
- (c) the reasons that the net written-off loans by private banks was just Rs. 28,400 crores in 2017-18 and has never crossed around Rs. 61,000 crores;
- (d) if so, the reasons for more loans being written-off by Public Sector Banks and less by Private Sector Banks; and
- (e) the steps taken/proposed to be taken to bring down NPAs and write-off of loans by Public Sector Banks?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) and (b): Loans written-off during the financial year, net of recovery in written-off loans during the financial year (net write-off) in public sector banks (PSBs) was Rs. 1.18 lakh crore in the financial year (FY) 2017-18, which has declined to 0.91 lakh crore in FY 2021-22 and to Rs. 0.84 lakh crore (RBI provisional data) in FY 2022-23.

(c) and (d): Net write-off loans by private sector bank was Rs. 73,803 crore (RBI provisional data) in FY 2022-23. Net write-off as percentage of opening gross loans and advances in private sector banks was 1.25% and 1.57% in FY 2017-18 and FY 2022-23 respectively, and it was 2.00% and 1.12% for PSBs during the same period.

(e): Comprehensive steps have been taken by the Government and RBI to recover and to bring down NPAs, enabled by which, gross NPAs of PSBs have declined to Rs. 4.28 lakh crore as on 31.3.2023 from Rs. 8.96 lakh crore as on 31.3.2018. These steps include, *inter alia*, the following:

- (1) Change in credit culture has been effected, with IBC fundamentally changing the creditor-borrower relationship, taking away control of the defaulting company from promoters/owners, and debarring wilful defaulters from the resolution process. To make the

process more stringent, personal guarantor to corporate debtor has also been brought under the ambit of IBC.

- (2) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 has been amended to make it more effective.
- (3) Pecuniary jurisdiction of Debt Recovery Tribunal (DRTs) was increased from Rs. 10 lakh to Rs. 20 lakh to enable the DRTs to focus on high value cases resulting in higher recovery for the banks and financial institutions.
- (4) Under the PSB Reforms Agenda, comprehensive and automated Early Warning Systems (EWS) were instituted in PSBs, with ~80 EWS triggers and use of third-party data for time-bound remedial actions in the borrowing accounts.
- (5) PSBs have also created Stressed Asset Management Verticals for stringent recovery, segregated pre- and post-sanction follow-up roles for clean and effective monitoring, and engaging specialised monitoring agencies for monitoring of large-value accounts.
- (6) Wilful defaulters are not sanctioned any additional facilities by banks or financial institutions, and their unit is debarred from floating new ventures for five years.
- (7) Wilful defaulters and companies with wilful defaulters as promoters/directors have been debarred from accessing capital markets to raise funds.
- (8) Prudential Framework for Resolution of Stressed Assets was issued by RBI in 2019 to provide a framework for early recognition, reporting and time bound resolution of stressed assets, with a build-in incentive to lenders for early adoption of a resolution plan.
