

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
LOK SABHA
STARRED QUESTION NO. †*409
ANSWERED ON-23.3.2020

Performance of Banks

†*409: SHRI SUKHBIR SINGH JAUNAPURIA:

Will the Minister of FINANCE be pleased to state:

- (a) the details of the projected earned and loss incurred by public and private sector banks during each of the last three years and the current year, bank-wise;
- (b) whether any effective measures are being taken to check improve financial State of the loss making banks, both public and private banks and also to irregularities/ fraud in various financial activities of the banks; and
- (c) if so, the details thereof?

ANSWER

THE FINANCE MINISTER

(SMT. NIRMALA SITHARAMAN)

(a) to (c): A statement is laid on the Table of the House.

Statement as referred to in reply of Lok Sabha Starred Question no. †*409 for answer on 23rd March, 2020/ Chaitra 03, 1942 (Saka) regarding “Performance of Banks” by SHRI SUKHBIR SINGH JAUNAPURIA, Hon’ble Member of Parliament

(a) to (c): As per Reserve Bank of India (RBI) data on global operations, aggregate gross advances of public sector banks (PSBs) and private sector banks increased from Rs. 23,44,919 crore as on 31.3.2008 to Rs. 65,76,172 crore as on 31.3.2014. As per RBI inputs, the primary reasons for the 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 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 Further, all such schemes for restructuring stressed loans were withdrawn. As a result, though public and private sector banks posted aggregate operating profits during financial year (FY) 2017-18 and FY2018-19 of Rs. 2,67,515 crore and Rs. 2,78,344 crore respectively, yet primarily due to continuing ageing provision for NPAs, they made aggregate provision for NPAs and other contingencies of Rs. 3,11,102 crore and Rs. 3,17,359 crore during the respective financial years, resulting in aggregate net loss of Rs. 43,587 crore and Rs. 39,015 crore respectively. With legacy NPAs recognised and as a result of comprehensive measures taken by Government through resolution, reforms and PSB recapitalisation for improving the financial position of banks. , for the first nine months of the current financial year, public and private sector banks have posted aggregate profit of Rs. 21,673 crore. Further, gross NPAs of public and private sector banks have declined by Rs. 89,572 crore by December 2019, after peaking in 31.3.2018, and have effected record recovery of Rs. 2,68,012 crore in FY2018-19 and in the first three quarters of the current financial year. Bank-wise details of profit earned / loss incurred by public and private sector banks during the last three financial years and in the first three quarters of the current financial year are at Annex.

Comprehensive measures taken for improving financial position of banks include, *inter alia*, the following:

- (i) Change in credit culture was effected, with the Insolvency and Bankruptcy Code, 2016, fundamentally changing the creditor-borrower relationship, taking away control of the defaulting company from promoters/owners and debarring wilful defaulters from the resolution process and debarring them from raising funds from the market.
- (ii) Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 (SARFAESI Act) has been amended to make it more effective, six new Debts Recovery Tribunals have been established and recovery systems in banks have been improved by systemic improvements in banks through PSB Reforms Agenda, with PSBs setting up Stressed Asset Management verticals for focussed recovery, segregating pre- and post-sanction

follow-up roles for clean and effective monitoring, creating technology- and data-driven systems for risk scoring, early warning signals and recovery, reforming loan consortiums, instituting risk-based pricing of loans, creating online one-time settlement platforms and monitoring large-value accounts through specialised monitoring agencies.

- (iii) PSBs have been re-capitalised through infusion of capital by the Government and mobilisation of capital from the market.
- (iv) For enforcement of auditing standards and ensuring the quality of audit, the National Financial Reporting Authority has been established as an independent regulator.

Comprehensive measures have been taken to check irregularities/frauds in banks, with the result that the amount involved by year of occurrence of fraud (where the amount is Rs. 1 lakh and above) in public and private sector banks has reduced sharply from a peak of Rs. 48,943 crore in the FY2013-14 to Rs. 5,186 crore in the first three quarters of FY2019-20 (as per RBI data). The measures taken include issuance by the Government of a “Framework for timely detection, reporting, investigation etc. relating to large value bank frauds” to PSBs, enactment of the Fugitive Economic Offenders Act, 2018, freezing of accounts of 3.38 lakh inoperative companies, empowerment of heads of PSBs to issue requests for issue of look-out circulars, setting up of Central Fraud Registry, and comprehensive action against wilful defaulters by PSBs, with registration of FIRs in 3,515 cases, filing of recovery suits in 9,967 cases, and initiation of action under the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 in 7,895 cases.

Lok Sabha starred question no. *409 for 23rd March 2020, regarding “Performance of Banks”

Details of operating profit, provisioning and net profit/loss of Public and Private Sector Banks

Bank	Financial Year (FY) 2016-17			FY 2017-18			FY 2018-19			FY 2019-20 (till December 2019)		
	Operating Profit	Provisions *	Net Profit	Operating Profit	Provisions *	Net Profit	Operating Profit	Provisions *	Net Profit	Operating Profit	Provisions *	Net Profit
Allahabad Bank	3,867	4,180	(314)	3,438	8,113	(4,674)	2,767	11,101	(8,334)	2,390	6,362	(3,972)
Andhra Bank	4,400	4,226	174	5,378	8,791	(3,413)	5,039	7,825	(2,786)	4,035	3,681	354
Axis Bank Limited	17,585	13,905	3,679	15,594	15,319	276	19,005	14,329	4,677	17,587	14,572	3,015
Bandhan Bank Limited	1,793	681	1,112	2,430	1,085	1,346	3,748	1,797	1,952	3,926	1,419	2,507
Bank of Baroda	10,975	9,592	1,383	12,006	14,437	(2,432)	13,487	13,053	434	14,571	14,531	40
Dena Bank	1,390	2,254	(864)	1,171	3,094	(1,923)	198	6,536	(6,339)	Amalgamated with Bank of Baroda		
Vijaya Bank	2,421	1,671	750	3,098	2,371	727	2,419	4,853	(2,434)			
Bank of India	9,733	11,291	(1,558)	7,139	13,183	(6,044)	8,092	13,639	(5,547)	8,866	8,252	615
Bank of Maharashtra	1,827	3,200	(1,373)	2,191	3,337	(1,146)	2,198	6,981	(4,784)	2,252	1,921	331
Canara Bank	8,914	7,792	1,122	9,548	13,770	(4,222)	10,591	10,244	347	7,354	6,330	1,024
Catholic Syrian Bank Limited	152	150	2	74	172	(97)	13	211	(197)	174	101	72
Central Bank of India	3,089	5,528	(2,439)	2,733	7,838	(5,105)	3,126	8,768	(5,641)	3,827	3,419	408
City Union Bank Limited	994	491	503	1,208	616	592	1,240	557	683	1,006	435	572
Corporation Bank	4,440	3,878	561	3,950	8,004	(4,054)	3,894	10,227	(6,333)	3,907	3,253	654
DCB Bank Limited	418	219	200	525	280	245	647	321	325	541	272	269
Federal Bank Limited	1,925	1,094	831	2,291	1,412	879	2,763	1,519	1,244	2,245	1,004	1,242
HDFC Bank Limited	25,931	11,382	14,550	32,893	15,406	17,487	39,933	18,855	21,078	35,985	16,655	19,330
ICICI Bank Limited	26,730	16,928	9,801	25,020	18,243	6,777	25,165	21,802	3,363	21,067	14,358	6,709
IDBI Bank Limited	4,578	9,737	(5,158)	7,905	16,142	(8,238)	4,052	19,168	(15,116)	3,238	16,261	(13,023)
IDFC First Bank Limited	1,753	734	1,020	1,263	404	859	(1,749)	195	(1,944)	1,417	4,353	(2,936)
Indian Bank	4,001	2,595	1,406	5,001	3,742	1,259	4,881	4,559	322	4,795	3,824	971
Indian Overseas Bank	3,650	7,067	(3,417)	3,629	9,929	(6,299)	5,034	8,800	(3,766)	2,337	11,008	(8,671)
IndusInd Bank Limited	5,451	2,583	2,868	6,656	3,050	3,606	8,088	4,787	3,301	7,937	3,820	4,116

Jammu and Kashmir Bank Limited	1,294	2,927	(1,632)	1,382	1,179	203	1,718	1,253	465	1,143	1,988	(845)
Karnataka Bank Limited	996	544	452	1,473	1,148	326	1,450	973	477	1,265	861	404
Karur Vysya Bank Limited	1,571	965	606	1,777	1,432	346	1,711	1,500	211	1,261	1,110	151
Kotak Mahindra Bank Limited	5,985	2,573	3,411	7,158	3,074	4,084	8,348	3,483	4,865	7,296	2,615	4,681
Lakshmi Vilas Bank Limited	634	378	256	355	940	(585)	(12)	882	(894)	(86)	843	(929)
Nainital Bank Limited	110	61	48	98	49	49	109	82	27	95	70	25
Oriental Bank of Commerce	4,170	5,264	(1,094)	3,703	9,575	(5,872)	3,754	3,699	55	3,414	2,974	440
Punjab and Sind Bank	1,242	1,041	201	1,145	1,889	(744)	1,397	1,940	(543)	667	1,422	(755)
Punjab National Bank	14,565	13,240	1,325	10,294	22,577	(12,283)	12,995	22,971	(9,975)	10,806	9,773	1,033
RBL Bank Limited	920	474	446	1,331	696	635	1,940	1,073	867	1,987	1,595	391
South Indian Bank Limited	1,215	822	393	1,481	1,146	335	1,239	991	248	1,112	864	248
State Bank of India	50,848	40,364	10,484	59,511	66,058	(6,547)	55,436	54,574	862	49,667	38,760	10,907
State Bank of Bikaner and Jaipur	1,942	3,310	(1,368)	Merged in to State Bank of India								
State Bank of Hyderabad	2,910	5,670	(2,760)									
State Bank of Mysore	914	2,920	(2,006)									
State Bank of Patiala	1,455	5,034	(3,579)									
State Bank of Travancore	1,503	3,656	(2,152)									
Bhartiya Mahila Bank Limited	18	14	4									
Syndicate Bank	4,233	3,874	359	3,864	7,087	(3,223)	2,819	5,407	(2,588)	3,102	3,396	(295)
Tamilnad Mercantile Bank Limited	876	559	317	1,006	784	222	884	626	259	696	452	243
The Dhanalakshmi Bank Limited	94	82	12	146	171	(25)	95	83	12	116	59	57
UCO Bank	2,926	4,777	(1,851)	1,334	5,771	(4,436)	2,760	7,081	(4,321)	3,619	6,073	(2,454)
Union Bank of India	7,430	6,875	555	7,540	12,787	(5,247)	7,521	10,468	(2,947)	6,528	6,923	(395)
United Bank of India	1,553	1,333	220	1,024	2,479	(1,454)	1,412	3,728	(2,316)	1,918	1,576	342
Yes Bank Limited	5,833	2,507	3,326	7,750	3,525	4,225	8,137	6,417	1,720	3,592	8,798	(5,206)

Source: RBI data, global operations

* Provisions for NPA and other contingencies made during the year
