

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
**LOK SABHA**  
**UNSTARRED QUESTION NO-1645**  
ANSWERED ON-02.03.2020

**BANK NPAs**

1645.

SHRI P.P. CHAUDHARY:

SHRIMATI ANUPRIYA PATEL:

SHRI M. BADRUDDIN AJMAL:

SHRI MANOJ KOTAK:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has made any provisions to tackle the misconduct risk and under-reporting of bad loans, if so, the details thereof and if not, the reasons therefor;
- (b) whether the Nationalised banks have been facing acute Non-Performing Assets (NPAs) despite the Government support to the banks;
- (c) if so, the details thereof including the NPAs during each of the last five years till 29 February 2020, bank-wise;
- (d) whether the bank frauds have increased during the financial year 2018-19, if so, the details thereof and the reasons therefor; and
- (e) the corrective steps taken by the Government to curb the bank frauds and resolve the NPA issues of the Nationalised banks?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI ANURAG SINGH THAKUR)

(a) to (e): As per Reserve Bank of India (RBI) data on global operations, aggregate gross advances of nationalised banks increased from Rs. 11,33,137 crore as on 31.3.2008 to Rs. 34,03,717 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, employee misconduct / 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 initiated in 2015 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 Further, all such schemes for restructuring stressed loans were withdrawn.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 nationalised banks, as per data of RBI on global operations, rose from Rs. 1,92,809 crore as on 31.3.2015, to Rs. 6,16,586 crore as on 31.3.2018, and as a result of Government's strategy

of recognition, resolution, recapitalisation and reforms, have since declined (as per declared results of nationalised banks) to Rs. 5,56,991 crore as on 31.12.2019. With regard to NPAs of nationalised banks as on 29.2.2020, RBI has informed that data on NPAs are submitted by banks at quarterly intervals. Bank-wise details of gross NPAs of nationalised banks are at Annex.

Government has implemented a comprehensive strategy, consisting of recognition of NPAs transparently, resolution and recovery of value from stressed accounts, recapitalisation of nationalised banks, and reforms in nationalised banks and the wider financial ecosystem for a responsible and clean system. Comprehensive steps have been taken under the Government strategy to curb NPAs of nationalised banks, including, *inter-alia*, the following:

- (1) Change in credit culture has been 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 wilful defaulters from the resolution process and debarring them from raising funds from the market.
- (2) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 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.
- (3) Suits for recovery of dues are also filed by banks before Debts Recovery Tribunals (DRTs). Six new DRTs have been established to expedite recovery.
- (4) Over the last five financial years and the current financial year, nationalised banks have been recapitalised to the extent of Rs. 3.18 lakh crore, with infusion of Rs. 2.78 lakh crore by the Government and mobilisation of over Rs. 0.40 lakh crore by nationalised banks themselves, enabling nationalised banks to pursue timely resolution of NPAs.
- (5) Key reforms have been instituted in nationalised banks as part of the Public Sector Banks Reforms Agenda, including the following:
  - (i) Board-approved loan policies of nationalised banks 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 specialised 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 realisation in one-time settlements (OTSs), online end-to-end OTS platforms have been set up.

Enabled by the above steps, as per data of RBI on global operations, the gross NPAs of nationalised banks, after reaching a peak of Rs. 6,16,586 crore as on 31.3.2018, declined (as per declared results of nationalised banks) to Rs. 5,56,991 crore as on 31.12.2019.

Further, nationalised banks have effected recovery of Rs. 3,08,370 crore over the last five financial years and the first three quarters of the current financial year, including record recovery of Rs. 86,014 crore during the financial year 2018-19.

Comprehensive steps taken to check bank frauds have resulted in the amount involved in frauds of Rs. 1 lakh and above, reported by nationalised banks based on occurrence, declining sharply from Rs. 12,411 crore in FY2017-18, to Rs. 11,120 crore in FY2018-19 and to Rs. 3,739 crore in the first three quarters of the FY2019-20.

The steps taken to curb bank frauds include, *inter-alia*, the following—

- (1) An online searchable database of frauds reported by banks, in the form of Central Fraud Registry, has been set up to enable timely identification, control and mitigation of fraud risk and carrying out due diligence during the credit sanction process.
- (2) Fugitive Economic Offenders Act, 2018 has been enacted to provide for attachment of property of a fugitive economic offender, confiscation of such offender's property and disentitlement of the offender from defending any civil claim.
- (3) PSBs have been advised to—
  - (i) obtain certified copy of the passport of the promoters/directors and other authorised signatories of companies availing loan facilities of more than Rs. 50 crore;
  - (ii) decide on publishing photographs of wilful defaulters, in terms of the instructions of RBI and as per their Board-approved policy; and
  - (iii) strictly ensure rotational transfer of officials/employees.
- (4) Heads of PSBs have been empowered to issue requests for issue of Look-Out Circulars.
- (5) For enforcement of auditing standards and ensuring the quality of audits, Government has established the National Financial Reporting Authority as an independent regulator.
- (6) In order to bring transparency and accountability in the larger financial system, bank accounts of 3.38 lakh inoperative companies have been frozen.

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## Lok Sabha unstarred question no. 1645, regarding Bank NPAs

## Details of gross NPAs of nationalised banks

Amounts in crore Rs.

Bank	F.Y. 2014-15	F.Y. 2015-16	F.Y. 2016-17	F.Y. 2017-18	F.Y. 2018-19	F.Y. 2019-20 (till 31.12.2019)
Allahabad Bank	8,358	15,385	20,688	26,563	28,705	32,150
Andhra Bank	6,877	11,444	17,670	28,124	28,974	30,951
Bank of Baroda (BoB)	16,261	40,521	42,719	56,480	48,233	73,140
Dena Bank	4,393	8,560	12,619	16,361	12,768	Amalgamated into BoB
Vijaya Bank	2,443	6,027	6,382	7,526	8,923	
Bank of India	22,807	49,879	52,045	62,328	60,661	61,730
Bank of Maharashtra	6,402	10,386	17,189	18,433	15,324	15,746
Canara Bank	13,040	31,638	34,202	47,468	39,224	36,645
Central Bank of India	11,873	22,721	27,251	38,131	32,356	33,259
Corporation Bank	7,107	14,544	17,045	22,213	20,724	19,557
Indian Bank	5,670	8,827	9,865	11,990	13,353	13,862
Indian Overseas Bank	14,922	30,049	35,098	38,180	33,398	23,734
Oriental Bank of Commerce	7,666	14,702	22,859	26,134	21,717	21,634
Punjab and Sind Bank	3,082	4,229	6,298	7,802	8,606	8,923
Punjab National Bank	25,695	55,818	55,370	86,620	78,473	76,809
Syndicate Bank	6,442	13,832	17,609	25,759	24,680	25,330
UCO Bank	10,186	20,908	22,541	30,550	29,888	22,140
Union Bank of India	13,031	24,171	33,712	49,370	48,729	49,924
United Bank of India	6,553	9,471	10,952	16,552	12,053	11,457

Source: RBI (for FY2014-15 to FY2018-19) and nationalised banks (for FY2019-20)

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