

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO-144

ANSWERED ON MONDAY, NOVEMBER 25, 2024/AGRAHAYANA 4, 1946 (SAKA)

POLICY FOR WRITE-OFF LOANS OF WILLFUL DEFAULTERS

144. SHRI RAJEEV RAI

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government has formulated any policy to write-off loans of willful defaulters during the last five years;
- (b) if so, the details thereof;
- (c) the details of loans written off by the Government during the last three years, sector-wise and State-wise;
- (d) the reasons for advancing these loans to the borrowers without valid collaterals; and
- (e) the steps taken by the Government to recover these loans before write-off?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a): No sir.

(b): Does not arise.

(c): Government does not write-off loans given to borrowers by banks. Banks write-off non-performing assets, including, *inter-alia*, those in respect of which full provisioning has been made on completion of four years, as per the Reserve Bank of India (RBI) guidelines and policy approved by banks' Boards. Such write-off does not result in waiver of liabilities of borrowers and therefore, write-off does not benefit the borrower. The borrowers continue to be liable for repayment and banks continue to pursue recovery actions initiated in these accounts. Sector-wise details of loans written-off by scheduled commercial banks (excluding regional rural banks and payment banks) during the last three financial years are at **Annex**. Further, RBI has apprised that state-wise information regarding the loans written-off is not maintained by it.

(d): As per inputs received from RBI, it has advised banks to have in place a loan policy duly vetted by their Boards. Banks take credit related decisions, including requirement of collaterals, based on their internal assessment of the commercial viability of the loan within their Board-approved policies and broad regulatory guidelines.

(e): Before writing-off loans, banks initiate recovery actions through various recovery mechanisms available to them, such as filing of a suit in civil courts or in Debts Recovery Tribunals, action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, filing of cases in the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016, through negotiated settlement/compromise, and through sale of non-performing assets.

**Lok Sabha Unstarred question no. 144 regarding Policy for Write-Off Loans of
Willful Defaulters**

Loans written-off by Scheduled Commercial Banks

(Amounts in crore Rs.)

Sector	FY 2021-22	FY 2022-23	FY 2023-24
Agriculture and Allied Activities	32,253	30,733	38,764
Industry	1,67,000	2,16,865	1,80,506
Services	57,508	86,869	52,862
Retail Loans	94,617	1,02,511	90,470

Source: RBI
