GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 1350
ANSWERED ON MONDAY, DECEMBER 8, 2025/ AGRAHAYANA 17, 1947 (SAKA)

Bad Loans written off

1350. MD ABU TAHER KHAN:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government intends to infuse capital in public banks and if so, the details thereof;

(b) the amount of bad loans written off by public banks during the last five years, if so, the details thereof; and

(c) the impact on liquidity of public banks on writing off bad loans?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (c): There has been no capital infusion in Public Sector Banks (PSBs) by the Government since FY 2022-23. PSBs have significantly improved their financial performance, turning profitable and strengthening their capital position. PSBs now rely on market sources and internal accruals to meet their capital requirements. PSBs have raised ₹1.79 lakh crore capital from market through equity and bonds since 1.4.2022 till 30.9.2025.

As per Reserve Bank of India (RBI) data, PSBs have written-off an aggregate loan amount of ₹6,15,647 crore, during the last five financial years and the current financial year till 30.9.2025 (provisional data).

Banks write-off NPAs, including, *inter-alia*, those in respect of which full provisioning has been made on completion of four years, as per RBI guidelines and policy approved by banks' Board. Such write-off does not result in waiver of liabilities of borrowers to repay.

Further, recovery in written-off loans is an ongoing process and banks continue pursuing their recovery actions initiated against borrowers under the various recovery mechanism available to them, such as filing of a suit in civil courts or in Debts Recovery Tribunals (DRT), action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act 2002, filing of cases in the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code, 2016 etc.

As provisioning for bad loans have already been done and the write-off process does not entail any actual cash outflow, the bank's liquidity position remains intact. Moreover, banks evaluate/consider the impact of write-offs as part of their regular exercise to clean up their balance-sheet, avail tax benefit, optimise capital base, enhance lending capacity and boost investor sentiments.

*****