

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA  
UNSTARRED QUESTION NO. 962

TO BE ANSWERED ON THE 22<sup>ND</sup> JULY, 2016 / ASHADHA 31, 1938 (SAKA)

WRITE OFF LOANS

QUESTION

962. SHRI RAVNEET SINGH:

Will the Minister of FINANCE be pleased to state:

- a) whether the government has recently write off more than Rs.1,14,000 crore owed by the Public Sector Banks (PSBs) during the last two years;
- b) the quantum of loan owed by farmers and marginal borrowers out of it;
- c) the amount of loan owed by industrialists and big borrowers along with the reasons for this write off;
- d) the total NPA right now and amount out of it owed by industrial houses and companies ; and
- e) the efforts made by the government to recover NPA and bad loans?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI SANTOSH KUMAR GANGWAR)

**(a) to (c):** The Public Sector Banks (PSBs) have written off (including compromise settlements) Rs.1,12,089 crore of debt during financial years 2015 and 2016.

Data reporting system of RBI does not collate segment wise information on written off accounts.

In terms of instructions of Reserve Bank of India (RBI), every bank has to have its own recovery policy including the manner and procedure of write-offs. Loans are written off after appropriate provisions have been made to take advantage of tax benefits and capital optimization. In respect of technical write-offs, RBI has permitted write-offs at Head Office level while recovery efforts are still continued at branch level.

Disclosure of write-offs is mandatory to be published in the balance sheet of the banks as per RBI master circular on Disclosure in Financial Statements - 'Notes to Accounts' dated July 1, 2015.

**(d):** The Gross Non Performing Assets (GNPA) of Public Sector Banks (PSBs) as on March, 2016 was Rs.4,76,816 crore. The GNPA towards Corporate Lending for PSBs as on March, 2016 was Rs.3,36,125 crore.

**(e):** The government has taken specific measures to address issues in sectors such as Infrastructure (Power, Roads etc.), Steel and Textiles, where incidence of NPAs is high. The government has also approved establishment of six (6) new Debt Recovery Tribunals (DRTs), to speed up the recovery of bad loans of the banking sector, in addition to existing thirty three. Reserve Bank of India (RBI) has also undertaken steps which include (i) Formation of Joint Lenders' Forum (JLF) for revitalizing stressed assets in the system, (ii) Flexible Structuring for long term project loans to Infrastructure and Core industries, and (iii) Strategic Debt Restructuring (SDR) scheme. The Government has recently issued advisory to banks to take action against guarantors in event of default by borrower under relevant sections of SARFAESI Act, Indian Contract Act & RDDB&FI Act, since in the event of default, the liability of the guarantor is co-extensive with the borrower.

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