

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6046

ANSWERED ON:31.08.2001

NON-PERFORMING ASSETS

MADHAVRAO SCINDIA;SUSHIL KUMAR SAMBHAJIRAO SHINDE

Will the Minister of FINANCE be pleased to state:

- (a) whether in order to reduce non-performing assets, public sector banks are writing off corporate loans;
- (b) if so, the policy in this regard;
- (c) the amount of loans that have been written off during last three years and details of the such borrowers;
- (d) whether these actions of banks are in accordance with the policy of Reserve Bank of India in this regard; and
- (e) if not, the action Government propose to take against such banks and what is the present value of NPAs ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a)&(b): The public sector banks (PSBs) reduced the levels of their non-performing assets (NPAs) through upgradation, compromise/write off and cash recoveries. Under the present income tax laws, provisions made by the PSBs for their NPAs do not entitle them to tax rebate. Hence, the banks have been resorting to write-offs for claiming tax benefits. The write-offs are generally resorted to only after the PSBs have made provisions and the write-offs are to the extent of provisions made. This, however, does not amount to loan waiver since the PSBs continue their efforts to recover their dues from the borrowers even after such technical write-offs.

(c)&(d): As per the information available with RBI, the reduction of NPAs of public sector banks through upgradation, compromise/write off and cash recovery during the last three years was as under:

Year Amount (Rs. in crores)

1998-1999	8720
1999-2000	10424
2000-2001	13650

(e): RBI has reported that the gross NPAs of public sector banks as on 31st March, 2001 was Rs.54773 crore, constituting 12.4% of their gross advances, as against 14.02% as on 31st March, 2000.