

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1078

ANSWERED ON:23.11.2001

WRITING OFF LOANS BY BANKS

DINESH CHANDRA YADAV;RAGHUVANSH PRASAD SINGH;RAM JEEVAN SINGH

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government have recently allowed a number of Public Sector Banks and Financial Institutions to write off corporate loans running into crores of rupees;
- (b) if so, the details thereof alongwith the reasons therefor;
- (c) the estimated amount of loans to be written-off by the banks and the ultimate beneficiaries; and
- (d) the relief proposed to be provided by the banks and Financial Institutions to small borrowers having outstanding debt up to 5 lakh ?

Answer

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

(a): No, Sir.

(b)&(c): Do not arise.

(d): Reserve Bank of India (RBI) vide its circular dated 27th July, 2000 had framed non-discretionary and non-discriminatory guidelines for settlement of NPAs upto Rs.5 crore and advised banks to evolve their own policy for loan outstandings of above Rs.5 crore. Effective action by banks for rehabilitation, one-time settlement for filing of suits in all necessary cases by 30.9.2001 had to be ensured by the chief executives. The banks have also been advised to use the forum of Lok Adalat for compromise settlement of their NPAs and guidelines have been issued by RBI in May, 2001 for making increased use of this forum to settle disputes involving outstanding balance in NPA accounts upto Rs.5 lakhs.