

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2713
ANSWERED ON:12.03.2010
WRITING OFF UNRECOVERED LOANS
Singh Rajkumari Ratna;Vasava Shri Mansukhbhai D.

Will the Minister of FINANCE be pleased to state:

- (a) whether Reserve Bank of India (RBI) has instructed the Scheduled Commercial Banks to write off unrecovered loans of individuals;
- (b) if so, the details thereof alongwith the loss incurred by banks, bank-wise;
- (c) whether any complaint received by Government regarding irregularities in writing off of unrecovered loans; and
- (d) if so, the details thereof and corrective measures taken / being taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance(Shri Namo Narain Meena)

(a) & (b): There are no Reserve Bank of India (RBI) guidelines mandating the write off of un-recovered loans of individuals by the banks. Credit related matters have been deregulated by RBI, and banks are free to frame their own credit and recovery policies, with the approval of their Board of Directors. Banks have a menu of options to recover their NPAs like compromise / One-Time Settlement, filing legal suits before civil courts / DRTs, Lok Adalats, invoking the provision of SARFAESI Act, sale of NPAs to Securitisation Companies / Reconstruction Companies, other banks / FIs / NBFCs etc. However, after examining / exhausting all the avenues of recovery, if banks feel that there is no scope of further recovery, they may as a last resort, classify the account as a Loss Asset and make necessary provisions or may chose to write it off, in terms of their Board-approved Recovery policies.

(c) & (d): The Scheduled Commercial Banks, in general and PSBs in particular, have a robust internal grievance redressal mechanism. Various instructions have been issued to banks from time to time in this respect. Further, as and when any such issue comes to the notice of the Government, the matter is taken up with the concerned bank for appropriate remedial and corrective action.