

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3447

ANSWERED ON:30.08.2013

NPAS

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Will the Minister of FINANCE be pleased to state:

- (a) the guidelines issued by the Reserve Bank of India (RBI) to write off loan extended by the Public Sector Banks (PSBs);
- (b) whether 17 out of the 26 PSBs have written off loans worth Rs. 10,777 crore in January -March quarter of the year 2012-13 while the recovery was only Rs. 4,172 crore during this period;
- (c) if so, the details thereof, bank-wise; and
- (d) the reasons thereof and the reaction of the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a): The Reserve Bank of India (RBI)'s guidelines relating to 'Writing off of Non-Performing Assets (NPAs)' is prescribed in Circular DBOD.No.BP.BC.81/21.01.040/95 dated July 28, 1995 and Paragraph 8 of RBI Master Circular DBOD.No. BC.1/21.04.048/2013-14 dated July 1, 2013 on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances.

(b) & (c): No, Sir. Public Sector Bank-wise details of write offs and recovery made during January-March quarter of the years 2012-13 is annexed.

(d): Banks resort to write off only after exhausting all other possible avenues for recovery or when the asset coverage is not enough. However, the bank is required to adhere to the guidelines issued by RBI on write offs of loans and its Board approved policy. The banks should either make full provision as per the guidelines or write-off such advances and claim such tax benefits as are applicable.