

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:617

ANSWERED ON:26.02.2016

Bad Debts

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Will the Minister of FINANCE be pleased to state:

- (a) the names of the persons, whose loans, worth more than one crore, were written off during the last three years, company-wise and if so, the details thereof;
- (b) the reasons for writing off bad debt instead of recovering the said loan;
- (c) whether any inquiry has been conducted in this regard to ascertain the reasons for writing off such loans;
- (d) if so, the details thereof and the outcome of the inquiry conducted in this regard;
- (e) if not, the reasons therefor; and
- (f) the reaction of the Government on the said outcome?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a): The borrower's details are not disclosed as prescribed under Section 45E of the Reserve Bank of India (RBI) Act, 1934 and the banking laws, which provide for obligation of a bank or financial institution to maintain secrecy about the affairs of its constituents. The written off-amount during the last three years by Public Sector Banks (PSBs) and Scheduled Commercial Banks (SCBs) is as under.

(Rs. in Crore)

Bank Group 2013 2014 2015

PSBs 27,231 34,409 52,542

SCBs 32,992 42,235 61,174

Source: RBI

(b) to (f): 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 undertake write-off for Balance Sheet purposes i.e. NPA management. The banks either make full provision as per the RBI guidelines or write-off such advances and claims such tax benefits as are applicable. However, in case of Written-off accounts, the recovery process continues.
