

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO: †974
TO BE ANSWERED ON THE 8th FEBRUARY, 2019/MAGHA 19, 1940(SAKA)

QUESTION
Bad Debts

†974: SHRI RAMTAHAL CHOUDHARY:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Public Sector Banks (PSBs) have successfully recovered their bad debts, if so, the details thereof; and
- (b) the amount of debt written off by banks during the last three years along with the amount recovered out of it?

ANSWER

To be answered by
THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SHIV PRATAPSHUKLA)

(a) and (b): As per Reserve Bank of India (RBI) data on global operations, aggregate gross advances of PSBs increased from Rs. 18,19,074 crore as on 31.3.2008 to Rs. 52,15,920 crore as on 31.3.2014. As per RBI inputs the primary reasons for spurt in stressed assets have been observed to be, *inter-alia*, aggressive lending practices, wilful default / loan frauds / corruption in some cases, and economic slowdown. Asset Quality Review (AQR) initiated in 2015 for clean and fully provisioned bank balance-sheets revealed high incidence of Non-Performing Assets (NPAs). As a result of AQR and subsequent transparent recognition by banks, stressed accounts were reclassified as NPAs and expected losses on stressed loans, not provided for earlier under flexibility given to restructured loans, were provided for. Further, during the financial year (FY) 2017-18, all such schemes for restructuring stressed loans were withdrawn. Primarily as a result of transparent recognition of stressed assets as NPAs, aggregate gross NPAs of PSBs, as per RBI data on global operations rose from Rs. 2,79,016 crore as on 31.3.2015, to Rs. 8,95,601 crore as on 31.3.2018, and as a result of Government's AR's strategy of recognition, resolution, recapitalisation and reforms, the aggregate gross NPAs have since declined to Rs. 8,64,433 crore as on 31.12.2018 (provisional data).

Enabled by steps taken to expedite resolution, including the change effected in the creditor-debtor relationship through enactment of the Insolvency and Bankruptcy Code, amendment to the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act to make it more effective, establishment of six new Debts Recovery Tribunals, and strengthening of recovery arrangements in PSBs under the PSB Reform agenda, as per RBI data on global operations, since the initiation of transparent recognition in FY 2015-16 till December 2018 (as per provisional data), PSBs successfully recovered an amount of Rs. 3,33,491 crore.

As per RBI guidelines and policy approved by bank Boards, non-performing loans, including, *inter-alia*, those in respect of which full provisioning has been made on completion of four years, are removed from the balance-sheet of the bank concerned by way of write-off. As per RBI data on global operations, PSBs wrote off Rs. 57,585 crore, Rs. 81,683 crore, Rs. 1,28,229 crore during FYs 2015-16, 2016-17, and 2017-18 respectively. The process of recovery of dues from the borrower in written-off loan accounts continues and may extend beyond the financial year in which the account is written-off. Therefore, write-off does not benefit the borrower.
