

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
LOK SABHA
UNSTARRED QUESTION NO-5102
ANSWERED ON- 04/04/2022

WRITING OFF NPAs

5102. SHRI G.M. SIDDESHWAR

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government is planning to write off Non-Performing Assets (NPAs) before the privatization of those Public Sector Banks (PSBs) which are marked for privatisation;
- (b) if so, the details thereof including the total amount of NPAs to be written off;
- (c) whether Reserve Bank of India has made any advice that the private companies can take the ownership of PSBs which are marked for privatization;
- (d) if so, the details of the advice; and
- (e) the number and the names of the banks to be privatized?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (e): In the Union Budget for the financial year 2021-22, Government's intent to take up privatisation of two Public Sector Banks (PSBs) and approval of a policy of strategic disinvestment of Public Sector Enterprises (PSEs) was announced. As per the highlights of the policy, the objectives of the policy include enablement of growth of public sector enterprises through infusion of private capital, thereby contributing to economic growth and new jobs, and financing of social sector and development programmes of the Government. The decision for privatisation of PSBs by Cabinet Committee concerned for privatisation of PSBs has not yet been taken.

With regard to write-off of non-performing assets (NPAs), as per Reserve Bank of India (RBI) guidelines and policy approved by banks' Boards, NPAs, 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. Banks evaluate/consider the impact of write-offs as part of their regular exercise to clean up their balance-sheet, avail of tax benefit and optimise capital, in accordance with RBI guidelines and policy approved by their Boards. The borrowers of written-off loans continue to be liable for repayment and the process of recovery of dues from the borrower in written-off loan accounts continues. Banks continue to pursue recovery actions initiated in written-off accounts through various recovery mechanisms available, such as filing of a suit in civil courts or in Debts Recovery Tribunals, action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, filing of cases in the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016, through negotiated settlement/compromise, and through sale of non-performing assets.
