

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA

STARRED QUESTION NO. *80

TO BE ANSWERED ON THE 14TH DECEMBER 2018/ AGRAHAYAN 23, 1940 (SAKA)

Losses of Public Sector Banks

*80. SHRI A. ARUNMOZHITHEVAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the State owned banks saw their cumulative losses widen nearly three and a half times to Rs. 14, 716 crore in the July-September quarter of the current fiscal due to mounting bad loans;
- (b) if so, the details thereof, bank-wise;
- (c) whether 21 Public Sector Banks had posted a net loss of Rs. 4,284 crore in the September quarter of 2017-18 and if so, the details thereof;
- (d) whether India's second largest Public Sector Bank suffered huge losses after the detection of a massive fraud to the tune of nearly Rs. 14,000 crore; and
- (e) if so, the details thereof?

ANSWER
The Finance Minister
(SHRI ARUNJAITLEY)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO. *80 FOR 14TH DECEMBER 2018 REGARDING “LOSSES OF PUBLIC SECTOR BANKS” BY SHRI A. ARUNMOZHITHEVAN, MEMBER OF PARLIAMENT.

(a) to (c): Asset Quality Review (AQR) carried out in 2015 for clean and fully provisioned bank balance-sheets revealed high incidence of non-performing assets (NPAs). Expected losses on stressed loans, not provided for earlier under flexibility given to restructured loans, were reclassified as NPAs and provided for. Public Sector Banks (PSBs) initiated cleaning up by recognising NPAs and provided for expected losses. Further, during the fourth quarter of the financial year (FY) 2017-18, all such schemes for restructuring stressed loans were withdrawn. As a result, while PSBs posted operating profits in the second quarter of the current and preceding financial years of Rs. 36,757 crore and Rs. 48,177 crore respectively in the aggregate, many had net losses primarily on account of continuing ageing provision for NPAs recognised as a result of AQR initiated in 2015 and subsequent transparent recognition by banks including under RBI's Revised Resolution framework for Stressed Assets issued on 12.2.2018. PSBs made aggregate provision for NPAs and other contingencies of Rs. 42,124 crore and Rs. 49,365 crore respectively in the said two quarters. Additionally because of hardening of bond yields, in the second quarter of the current financial year, PSBs had mark-to-market losses on their investment portfolios of Rs. 9,350 crore as against aggregate mark-to-market losses of Rs. 3,096 crore in the second quarter of the previous financial year by many PSBs, with several other PSBs making profits. Bank-wise details of net profit of Public Sector Banks (PSBs) for the July-September quarter of the current financial year (2018-19) and the previous financial year (2017-18) are at Annexure.

(d) and (e): Punjab National Bank, the second largest PSB, posted an operating profit of Rs 7,034 crore and had made a provision of Rs. 11,262 crore on account of ageing provisions for NPAs and other contingencies (primarily on account of continuing ageing provision for NPAs due to transparent recognition of stressed assets) and Rs. 1,245 for mark-to-market losses, thus posting a net loss of Rs. 5,472 crore for the half-year ended September 2018.

Lok Sabha Starred Question No. *80 for 14.12.2018 regarding "Losses of Public Sector Banks"

Details of operating profit, provisioning and net profit

Banks	Q2 FY'2017-18				Q2 FY'2018-19			
	Operating profit	MTM Provisions	Provisions for NPA & contingencies (excl. MTM Provisions)	Net profit	Operating profit	MTM Provisions	Provisions for NPA & contingencies (excl. MTM Provisions)	Net profit
Allahabad Bank	1,223	76	1,077	70	534	418	1,939	-1,823
Andhra Bank	1,295	89	1,591	-385	1,298	266	1,465	-434
Bank of Baroda	3,042	0	2,686	355	3,082	261	2,395	425
Bank of India	2,233	96	1,958	179	1,647	165	2,638	-1,156
Bank of Maharashtra	692	13	702	-23	794	232	535	27
Canara Bank	2,480	259	1,961	260	2,327	333	1,695	300
Central Bank of India	869	1,342	1,620	-750	509	675	758	-924
Corporation Bank	1,163	117	2,081	-1,035	899	39	757	103
Dena Bank	397	35	547	-185	442	55	804	-417
IDBI Bank Limited	2,803	107	2,894	-198	850	963	3,490	-3,602
Indian Bank	1,376	39	885	452	1,191	326	715	150
Indian Overseas Bank	1,039	18	2,243	-1,223	1,304	243	1,548	-487
Oriental Bank of Commerce	1,551	167	3,134	-1,750	972	272	598	102
Punjab National Bank	3,279	84	2,634	561	2,839	1,254	6,118	-4,532
Punjab and Sind Bank	359	3	342	14	351	133	327	-109
Syndicate Bank	1,174	250	819	105	570	1,239	874	-1,543
UCO Bank	244	113	754	-623	506	412	1,231	-1,136
Union Bank	1,939	143	3,327	-1,531	1,772	196	1,437	139
United Bank of India	286	144	487	-345	206	597	492	-883
Vijaya Bank	734	0	548	185	759	22	597	140
State Bank of India	19,999	0	18,418	1,582	13,905	1,249	11,711	945

Annexure-II

Lok Sabha Starred Question No. *80 for 14.12.2018 regarding “Losses of Public Sector Banks”
Details of operating profit, provisioning and net profit for Punjab National Bank

Banks	Q2 FY'2017-18			
	Operating profit	MTM Losses	Provisions for NPA & contingencies (excl. MTM Losses)	Net profit
Q4 FY'2017-18	-447	625	12,325	-13,417
Q1 FY'2018-19	4,195	9	5,126	-940
Q2 FY'2018-19	2,839	1,254	6,118	-4,532