

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

UNSTARRED QUESTION NO. †82

TO BE ANSWERED ON THE 11TH DECEMBER 2018/ AGRAHAYANA 20, 1940 (SAKA)

Losses in PSBs due to non-repayment of loans

**†82. CH. SUKHRAM SINGH YADAV:
SHRI VISHAMBHAR PRASAD NISHAD:
SHRIMATI CHHAYA VERMA:**

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that most of the public sector banks are in a bad shape and the non-repayment of loans is the main reason for it;
- (b) the name of the banks incurring losses along with quantum thereof and the details of increase in the losses during the last three years, year-wise;
- (c) the details of actions taken against bank officers during the last three years whose irrational decisions resulted in losses to banks; and
- (d) the details of actions taken against major loan defaulters during the last three years?

ANSWER

**Minister of State in the Ministry of Finance
(SHRI SHIV PRATAP SHUKLA)**

(a) and (b): Asset Quality Review (AQR) carried out in 2015 for clean and fully provisioned bank balance-sheets revealed high incidence of 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during the fourth quarter of the financial year (FY) 2017-18, all such schemes for restructuring stressed loans were withdrawn.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 all PSBs posted operating profits throughout the last three and half financial years, 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 including on account of the withdrawal of restructuring schemes in 2018. Bank-wise details of operating profit, provision and net loss of PSBs which incurred losses in the first half of the current financial year are in Annexure, along with year-wise details in respect of these banks for the preceding three financial years as well.

(c): As per inputs received from banks, banks impose penalty against erring officials after due process. Further, including dismissal/removal from service/compulsory retirement from services etc. where an element of fraud is observed, complaint is lodged with the police or the Central Bureau of Investigation.

(d): As per data reported by PSBs, as on 30.9.2018, 2,571 FIRs have been registered against wilful defaulters, 9,363 suits have been filed for recovery from them, and action has been initiated under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) in respect of 7,616 cases of wilful defaulters.
