

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO: 3994
TO BE ANSWERED ON THE 4th JANUARY, 2019/PAUSHA 14, 1940 (SAKA)

QUESTION
GNPAs

3994: SHRI GAURAV GOGOI:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Gross Non-Performing Assets (GNPAs) of the Public Sector Banks (PSBs) has risen significantly between 2014 and 2018, if so, the details thereof, bank-wise;
- (b) whether the rise in GNPA of PSBs is due mainly by wilful defaulters, if so, the total outstanding loans by wilful defaulters during the last three years and the current year, bank-wise; and
- (c) the action taken by the Government against the wilful defaulters?

ANSWER

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

(a) and (b): As per Reserve Bank of India (RBI) data on domestic operations, the aggregate gross advances of PSBs increased from Rs. 16,98,109 crore as on 31.3.2008 to Rs. 45,90,570 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 PSBs, 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. During the fourth quarter of the financial year (FY) 2017-18, all such schemes for restructuring stressed loans were withdrawn.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, gross NPAs of PSBs, as per RBI data on domestic operations, increased from Rs. 2,16,739 crore as on 31.3.2014, to Rs. 8,45,475 crore as on 31.3.2018. Over the last four and half FYs, to reduce NPAs and strengthen the financial position of PSBs, Government has taken comprehensive steps under its 4R's strategy of recognising NPAs transparently, resolving and recovering value from stressed accounts through clean and effective laws and processes, recapitalising banks, and reforming banks through the PSB Reforms Agenda to make them responsible and responsive. The results of Government's

comprehensive 4R's approach are now visible and gross NPAs of PSBs have started declining, after peaking in March 2018, registering a decline thereafter of Rs. 19,864 crore to Rs. 8,25,611 crore as on 30.9.2018 (provisional data), whereas, as per data reported by PSBs, as on the said date, wilful defaulters' outstanding amount was Rs. 1,47,081 crore.

Bank-wise details of gross NPAs of PSBs and bank-wise details of total quantum of outstanding loans against wilful defaulters of PSBs, are at Annexures-I and II respectively.

Government has asked PSBs to examine all accounts exceeding Rs. 50 crore, if classified as NPA, from the angle of possible fraud.

(c): A number of steps have been taken by way of action against wilful defaulters, including *inter-alia*, the following:

- (1) As per RBI instructions, wilful defaulters are not sanctioned any additional facilities by banks or financial institutions, their unit is debarred from floating new ventures for five years, and lenders may initiate criminal proceedings against them, wherever necessary.
- (2) As per data reported by PSBs, till 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 in respect of 7,616 cases of wilful defaulters.
- (3) As per Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Second Amendment) Regulations, 2016, wilful defaulters and companies with wilful defaulters as promoters/directors are debarred from accessing capital markets to raise funds.
- (4) Under the Insolvency and Bankruptcy Code, 2016 wilful defaulters have been debarred from participating in the insolvency resolution process.
- (5) The Fugitive Economic Offenders Act, 2018 has been enacted to provide for attachment of property of fugitive economic offender, confiscation of their property and disentitling them from defending any civil claim. Further, Government has advised PSBs to obtain certified copy of the passport of the promoters/directors and other authorised signatories of companies availing loan facilities of more than Rs. 50 crore.
- (6) Government has asked PSBs to examine all accounts exceeding Rs. 50 crore, if classified as NPA, from the angle of possible fraud.
- (7) RBI has issued instructions to lending institutions that they can consider publication of the photographs of only those borrowers who have been declared as wilful defaulters following the mechanism set out in RBI instructions, for which the lending institutions shall formulate a policy with the approval of their Board of Directors.

Lok Sabha Unstarred Question No. 3994, for 4.1.2019

Details of gross Non-Performing Assets of Public Sector Banks

Amounts in crore Rs.

S. N.	Bank	Gross NPAs		
		As on 31.3.2014	As on 31.3.2018*	As on 30.9.2018**
1	Allahabad Bank	7,961	26,419	27,065
2	Andhra Bank	5,858	28,124	27,623

*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 PSBs, 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. All such schemes for restructuring stressed loans were withdrawn. Primarily as a result of transparent recognition of stressed assets as NPAs, the gross NPAs of Public Sector Banks (PSBs) increased.

**Over the last four and half FYs, to reduce NPAs and strengthen the financial position of PSBs, Government has taken comprehensive steps under its 4R's strategy of recognising NPAs transparently, resolving and recovering value from stressed accounts through clean and effective laws and processes, recapitalising banks and reforming banks through the PSB Reforms Agenda to make them responsible and responsive. The results of Government's comprehensive 4R's approach are now visible and gross NPAs of PSBs have started declining after peaking in March 2018, registering a decline of Rs. 19,864 crore, from Rs. 8,45,475 crore in March 2018 to Rs. 8,25,611 crore in September 2018 (provisional data).

3	Bank of Baroda	9,894	48,189	46,454
4	Bank of India	10,274	51,086	50,338
5	Bank of Maharashtra	2,860	18,433	16,873
6	Canara Bank	7,371	44,432	41,907
7	Central Bank of India	11,500	38,131	37,411
8	Corporation Bank	4,737	22,213	22,400
9	Dena Bank	2,616	16,361	16,140
10	IDBI Bank Limited	9,949	46,641	50,690
11	Indian Bank	4,284	11,765	12,015
12	Indian Overseas Bank	7,838	36,515	35,607
13	Oriental Bank of Commerce	5,618	26,134	25,673
14	Punjab and Sind Bank	2,554	7,802	7,202
15	Punjab National Bank	18,611	83,897	80,993
16	Syndicate Bank	4,264	23,731	24,922
17	UCO Bank	6,275	29,470	28,822
18	Union Bank of India	9,142	45,824	48,575
19	United Bank of India	7,118	16,552	15,163
20	Vijaya Bank	1,986	7,526	7,557
21	State Bank of India (SBI)	57,819	2,16,228	2,02,179
22	State Bank of Bikaner and Jaipur	2,733	Merged in SBI	
23	State Bank of Hyderabad	5,824		
24	State Bank of Mysore	2,819		
25	State Bank of Patiala	3,758		
26	State Bank of Travancore	3,077		

Source: RBI (domestic operations, September 18 provisional data)

LoS Sabha Unstarred question no: 3994, to be answered on 4.1.2019

**Details of total quantum of outstanding loans against wilful defaulters of
Public Sector Banks**

Amount in crore Rs.

Bank	As on 31.3.2014	As on 31.3.2015	As on 31.3.2016	As on 30.9.2016
Allahabad Bank	539	2,223	3,965	3,581
Andhra Bank	3,964	3,934	3,957	4,264
Bank of Baroda	1,662	4,883	6,253	8,176
Bank of India	4,426	2,634	7,463	10,207
Bank of Maharashtra	751	822	1,518	1,518
Canara Bank	3,630	3,659	4,759	4,810
Central Bank of India	4,409	4,921	6,197	6,558
Corporation Bank	2,343	2,227	2,453	2,764
Dena Bank	919	1,515	1,877	1,824
IDBI Bank Limited	3,064	3,131	4,828	9,971
Indian Bank	328	1,082	1,373	1,335
Indian Overseas Bank	3,473	3,473	4,485	5,395
Oriental Bank of Commerce	3,799	4,307	4,215	5,091
Punjab and Sind Bank	248	286	283	276
Punjab National Bank	11,486	12,278	15,190	23,469
Syndicate Bank	922	1,107	1,162	1,165
UCO Bank	4,251	5,715	5,722	6,253
Union Bank of India	3,446	3,784	5,103	5,758
United Bank of India	1,857	1,829	1,737	1,734
Vijaya Bank	958	3,464	5,041	5,682
State Bank of India	12,466	15,070	34,436	37,250
State Bank of Bikaner and Jaipur	2,100	2,260	Merged with SBI	
State Bank of Hyderabad	2,145	2,178		
State Bank of Mysore	1,079	1,388		
State Bank of Patiala	1,899	3,123		
State Bank of Travancore	566	1,086		

Source: Banks
