

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO: 2107
TO BE ANSWERED ON THE 1st JANUARY, 2019/PAUSHA 11, 1940 (SAKA)

QUESTION
Recovery of NPAs in Public Sector Banks

2107. SHRI ELAMARAM KAREEM:

Will the Minister of FINANCE be pleased to state:

- (a) whether there has been any improvement in the recovery in the NPAs by the Public Sector Banks in the first quarter of 2018-19;
- (b) whether the Public Sector Banks have been making net losses over the past two years despite making positive operating profits, because of higher provisioning expenses;
- (c) the estimates of operating profits, NPA provisioning and net profits of Public Sector Banks in the past three years, bank-wise;
- (d) the estimates of NPA recovery by the Public Sector Banks (PSBs) over last three years; and
- (e) the estimates of NPA write-offs by the Public Sector Banks (PSBs) over last three years, bank-group-wise?

ANSWER

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

(a) to (d): With regard to recovery, it may be noted that there has been substantial growth in recovery in NPAs of Public Sector Banks (PSBs) during the first quarter of financial year (FY) 2018-19. As per RBI data on global operations, recovery in NPAs of PSBs increased from Rs. 15,198 crore in first quarter of FY 2017-18 to Rs. 34,842 crore in first quarter of FY 2018-19, registering year-on-year growth of 129%. Also, as per RBI data, recovery in NPAs of PSBs has increased from Rs. 40,903 crore in FY 2015-16 to Rs. 53,250 crore in FY 2016-17 and again to Rs. 67,107 crore in FY 2017-18, registering year-on-year growth of 30% and 26% respectively in FY 2016-17 and FY 2017-18. Further, PSBs recovered Rs. 60,726 crore during the first half of the current FY, which is 90% of the recovery of PSBs during the full preceding FY.

With regard to the operating profits and the impact of provisioning on net profits of PSBs, it may be noted that 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. Further, during the fourth quarter of the FY 2017-18, all such schemes for restructuring stressed loans were withdrawn. As a result, while PSBs posted aggregate operating profit of Rs. 1,55,585 crore and Rs. 75,024 crore during FY 2017-18 and the first half of the current FY respectively, 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 circular withdrawing schemes for restructuring stressed loan in the fourth quarter of FY 2017-18. PSBs made aggregate provision for NPAs and other contingencies of Rs. 2,17,303 crore and Rs. 85,791 crore during FY 2017-18 and the first half of the current FY respectively. Additionally, because of hardening of bond yields, these banks had aggregate mark-to-market (MTM) losses on their investment portfolios of Rs. 23,652 crore and Rs. 20,384 crore respectively during the said FYs. Bank-wise operating profits, NPA provisioning and net profits of PSBs for the current and two preceding FYs are at Annexure.

(e): As per Reserve Bank of India 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. Banks write-off Non-Performing Assets as part of their regular exercise to clean up their balance-sheet, tax benefit and capital optimisation. Borrowers of such written-off loans continue to be liable for repayment. Recovery of dues takes place on ongoing basis under legal mechanisms which include, *inter-alia*, the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI Act), and Debts Recovery Tribunals (DRTs). Therefore, write-off does not benefit the borrower. Nationalised banks had written-off Rs. 51,240 crore, 76,564 crore and Rs. 48,159 crore during the FY 2016-17, FY 2017-18 and during the first half of the current FY respectively, while IDBI Bank Limited had written-off Rs. 2,868 crore, Rs. 12,515 crore and Rs. 4,538 crore respectively, and State Bank of India had written-off Rs. 27,574 crore, Rs. 39,151 crore and Rs. 23,616 crore respectively during the said FYs.

Rajya Sabha Unstarred Question no. 2107, for 1.1.2019

Details of operating profits, provisions made for NPAs and net profits of Public Sector Banks for current and two preceding financial years

Amounts in crore Rs.

Bank	2016-17			2017-18			2018-19 (H1)		
	Operating profit	Provision for NPAs	Net profit	Operating profit	Provision for NPAs	Net profit	Operating profit	Provision for NPAs	Net profit
Allahabad Bank	3,867	4,552	-314	3,438	10,326	-4,674	1,364	4,582	-3,767
Andhra Bank	4,388	3,834	174	5,361	10,103	-3,413	2,505	2,543	-974
Bank of Baroda	10,975	7,680	1,383	12,006	14,212	-2,432	6,088	3,226	954
Bank of India	9,733	11,672	-1,558	7,139	15,095	-6,044	3,516	5,087	-1,061
Bank of Maharashtra	1,827	3,800	-1,373	2,191	5,331	-1,146	1,265	2,452	-1,092
Canara Bank	8,914	7,438	1,122	9,548	14,883	-4,222	5,260	4,869	581
Central Bank of India	3,089	6,216	-2,439	2,733	10,544	-5,105	893	4,389	-2,446
Corporation Bank	4,440	3,509	561	3,950	10,982	-4,054	2,430	2,237	188
Dena Bank	1,390	2,458	-864	1,171	4,282	-1,923	702	1,968	-1,138
IDBI Bank Limited	4,619	12,408	-5,158	7,905	19,904	-8,238	1,931	10,857	-6,012
Indian Bank	4,001	2,099	1,406	5,001	3,473	1,259	2,489	1,209	359
Indian Overseas Bank	3,650	6,948	-3,417	3,629	11,935	-6,299	2,436	3,972	-1,407
Oriental Bank of Commerce	4,170	6,315	-1,094	3,703	9,498	-5,872	1,697	2,055	-291
Punjab and Sind Bank	14,565	12,704	1,325	10,294	24,453	-12,283	7,034	12,715	-5,472
Punjab National Bank	1,242	1,058	201	1,145	1,692	-744	759	1,189	-507
Syndicate Bank	50,848	32,247	10,484	59,511	70,680	-6,547	25,878	23,222	-3,931
State Bank of India	4,233	3,545	359	3,864	7,620	-3,223	1,129	3,396	-2,824
UCO Bank	2,926	4,415	-1,851	1,334	7,343	-4,436	1,688	3,449	-1,770
Union Bank of India	7,430	6,032	556	7,540	13,500	-5,247	3,861	3,513	269
United Bank of India	1,553	2,002	220	1,024	3,906	-1,454	489	1,795	-1,272
Vijaya Bank	2,421	1,347	750	3,098	1,747	727	1,611	1,036	284

Source: Banks