

- (b) if so, the amount of money looted from people by the Saradha Chit Fund;
- (c) the number of persons arrested, so far, in this case; and
- (d) the number of people cheated in the scam?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) No comparative data is available to arrive at a conclusion as to whether the Saradha Chit Fund Scam is the biggest ever Ponzi scheme in the country.

(b) The Ministry of Corporate Affairs had ordered investigation under section 235 of the Companies Act, 1956, into the affairs of Saradha Realty India Ltd and its 13 group companies on the basis of reports of the Registrar of Companies, West Bengal which pointed out a number of irregularities, including cheating by these companies by way of raising deposits/funds from the public. As per the investigation report submitted by the Serious Fraud Investigation Office (SFIO), the Saradha Group of companies had mobilized Rs 2459 crore through various schemes during the period Financial Year 2008-09 to April, 2013 and out of this amount, ₹2394 crore is outstanding (including accrued interest).

(c) The Central Bureau of Investigation (CBI) has taken police custody of the six accused arrested earlier by the West Bengal Police. CBI has also arrested 5 more accused persons in connection with Saradha Chit Fund Scam case. The Enforcement Directorate has also arrested 3 persons in the matter.

(d) As per the investigation report submitted by the SFIO, 26,95,286 policies were issued under various schemes by the Saradha Group of companies to almost an equal number of investors. 96% of the outstanding policies are from small investors who deposited less than ₹50,000/-.

#### **Views of RBI Governor on NPAs**

2599. SHRI ALOK TIWARI:

SHRI NEERAJ SHEKHAR:

SHRI ARVIND KUMAR SINGH:

Will the Minister of FINANCE be pleased to state:

(a) whether as per the Governor of RBI, Public Sector Banks (PSBs) are hiding Non-Performing Assets (NPAs) and the amount written off by banks as bad debt in last five years would have been enough to fund the education of 15 lakh children in top private universities and their all expenses;

(b) if so, the details thereof for last five years and current year, year-wise;

(c) the response of Government thereto; and

(d) the details of effective and concrete steps Government would take in this regard in view of the observation of Governor, RBI and arbitrary restructuring of bad loans would be checked?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) to (d) The Governor's speech did not say that banks were hiding NPAs. In his Talk at the Third Dr. Verghese Kurien Memorial Lecture at Institute of Rural Management Anand (IRMA), on November 25, 2014, Dr. Raghuram G. Rajan, has said, "As just one measure, the total write-offs of loans made by the commercial banks in the last five years is 161018 crore, which is 1.27% of GDP. Of course, some of this amount will be recovered, but given the size of stressed assets in the system, there will be more write-offs to come. To put these amounts in perspective – thousands of crore often become meaningless to the lay person – 1.27% of GDP would have allowed 1.5 million of the poorest children to get a full university degree from the top private universities in the country, all expenses paid."

The details of Compromise/Write-off for last five years is as under:

Year	Amount (in ₹ crore)
2009-2010	25,352
2010-2011	23,895
2011-2012	20,752
2012-2013	32,992
2013-2014	42,447

*Source:* RBI-global operations

Reserve Bank of India (RBI) has issued a number of guidelines to regulate the write-off by banks. RBI has deregulated the matters related to One Time Settlement (OTS)/Compromise Settlements *vide* DBOD.BP.BC.81/21.01.040/95 dated July 28, 1995. Banks are free to engage in OTS/Compromise Settlements with borrowers as per their Board approved internal policy, their commercial judgment and extant regulatory guidelines.

RBI has issued the following circulars in this regard:

- (i) DBOD.No.LEG.BC.114/09.06.002/2000-01 dated May 2, 2001 – Guidelines for compromise settlement of dues of banks and financial institutions through Lok Adalats.

- (ii) DBOD.No.BC.36/09.06.002/2001-02 dated October 24, 2001 - Guidelines for compromise settlement of dues of banks through Lok Adalats.
- (iii) DBOD.No.LEG.BC.21/09.06.002/2004-05 dated August 3, 2004 – Guidelines for compromise settlement of dues of banks and financial institutions through Lok Adalats Enhancing the ceiling from ₹5 lakh to ₹20 lakh.
- (iv) DBOD.No.BC.34/21.04.048/2007-08 dated October 4, 2007 – Guidelines on purchase/sale of Non-Performing Assets.
- (v) DBOD.No.BC.55/21.04.117/2007-08 dated November 30, 2007- Guidelines on settlement of Non-Performing Assets – Obtaining Consent Decree from Court.
- (vi) DBOD.No.BC.112/21.04.048/2009-10 dated June 21, 2010 – Compromise/Negotiated/One Time settlement of Non-Performing Assets – Appending of certificate that the compromise settlements are in conformity with the RBI guidelines.

Government has issued instructions to Public Sector Banks (PSBs) that Write-off should not be more than recovery.

RBI's Master Circular on Income Recognition and Asset Classification (IRAC) Norms dated July 1, 2014, Prudential Guidelines on Restructuring of Advances by Banks provides that no account will be taken up for restructuring by the banks unless the financial viability is established and there is a reasonable certainty of repayment from the borrower, as per the terms of restructuring package. Any restructuring done without looking into cash flows of the borrower and assessing the viability of the projects/activity financed by banks would be treated as an attempt at ever greening a weak credit facility and would invite supervisory concerns/action. Banks should accelerate the recovery measures in respect of such accounts.

Further, RBI has recently released a comprehensive 'Framework for Revitalising Distressed Assets in the Economy'. The Framework outlines a corrective action plan that will incentivise early identification of problem cases, timely restructuring of accounts which are considered to be viable, and taking prompt steps by banks for recovery or sale of unviable accounts.

#### **Low awareness about health insurance schemes**

2600. SHRI PARVEZ HASHMI: Will the Minister of FINANCE be pleased to state:

- (a) whether Government has taken note of the low level of awareness about health insurance schemes in the country;