

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?

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 ₹ 15,198 crore in first quarter of FY 2017-18 to ₹ 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 ₹ 40,903 crore in FY 2015-16 to ₹ 53,250 crore in FY 2016-17 and again to ₹ 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 ₹ 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 Further, during the fourth quarter of the FY 2017-18, all such schemes for restructuring stressed loans were withdrawn.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 ₹ 1,55,585 crore and ₹ 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 ₹ 2,17,303 crore and ₹ 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 ₹ 23,652 crore and ₹ 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 given in Statement (*See below*).

(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 ₹ 51,240 crore, 76,564 crore and ₹ 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 ₹ 2,868 crore, ₹ 12,515 crore and ₹ 4,538 crore respectively, and State Bank of India had written-off ₹ 27,574 crore, ₹ 39,151 crore and ₹ 23,616 crore respectively during the said FYs.

Statement

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

(₹ in crore)			
Bank	Operating profit	Provision for NPAs	Net profit
2016-17			
Allahabad Bank	3,867	4,552	-314
Andhra Bank	4,388	3,834	174
Bank of Baroda	10,975	7,680	1,383
Bank of India	9,733	11,672	-1,558
Bank of Maharashtra	1,827	3,800	-1,373
Canara Bank	8,914	7,438	1,122
Central Bank of India	3,089	6,216	-2,439
Corporation Bank	4,440	3,509	561
Dena Bank	1,390	2,458	-864
IDBI Bank Limited	4,619	12,408	-5,158
Indian Bank	4,001	2,099	1,406
Indian Overseas Bank	3,650	6,948	-3,417
Oriental Bank of Commerce	4,170	6,315	-1,094
Punjab and Sind Bank	14,565	12,704	1,325
Punjab National Bank	1,242	1,058	201
Syndicate Bank	50,848	32,247	10,484
State Bank of India	4,233	3,545	359
UCO Bank	2,926	4,415	-1,851
Union Bank of India	7,430	6,032	556
United Bank of India	1,553	2,002	220
Vijaya Bank	2,421	1,347	750
2017-18			
Allahabad Bank	3,438	10,326	-4,674
Andhra Bank	5,361	10,103	-3,413
Bank of Baroda	12,006	14,212	-2,432

Bank	Operating profit	Provision for NPAs	Net profit
Bank of India	7,139	15,095	-6,044
Bank of Maharashtra	2,191	5,331	-1,146
Canara Bank	9,548	14,883	-4,222
Central Bank of India	2,733	10,544	-5,105
Corporation Bank	3,950	10,982	-4,054
Dena Bank	1,171	4,282	-1,923
IDBI Bank Limited	7,905	19,904	-8,238
Indian Bank	5,001	3,473	1,259
Indian Overseas Bank	3,629	11,935	-6,299
Oriental Bank of Commerce	3,703	9,498	-5,872
Punjab and Sind Bank	10,294	24,453	-12,283
Punjab National Bank	1,145	1,692	-744
Syndicate Bank	59,511	70,680	-6,547
State Bank of India	3,864	7,620	-3,223
UCO Bank	1,334	7,343	-4,436
Union Bank of India	7,540	13,500	-5,247
United Bank of India	1,024	3,906	-1,454
Vijaya Bank	3,098	1,747	727
2018-19 (H1)			
Allahabad Bank	1,364	4,582	-3,767
Andhra Bank	2,505	2,543	-974
Bank of Baroda	6,088	3,226	954
Bank of India	3,516	5,087	-1,061
Bank of Maharashtra	1,265	2,452	-1,092
Canara Bank	5,260	4,869	581
Central Bank of India	893	4,389	-2,446
Corporation Bank	2,430	2,237	188
Dena Bank	702	1,968	-1,138
IDBI Bank Limited	1,931	10,857	-6,012
Indian Bank	2,489	1,209	359

Bank	Operating profit	Provision for NPAs	Net profit
Indian Overseas Bank	2,436	3,972	-1,407
Oriental Bank of Commerce	1,697	2,055	-291
Punjab and Sind Bank	7,034	12,715	-5,472
Punjab National Bank	759	1,189	-507
Syndicate Bank	25,878	23,222	-3,931
State Bank of India	1,129	3,396	-2,824
UCO Bank	1,688	3,449	-1,770
Union Bank of India	3,861	3,513	269
United Bank of India	489	1,795	-1,272
Vijaya Bank	1,611	1,036	284

Returns under Sukanya Samriddhi Yojana

2108. SHRI MD. NADIMUL HAQUE Will the Minister of FINANCE be pleased to state:

(a) the funds allocated/expenditure incurred by Government on Sukanya Samriddhi Yojana (SSY), since its inception, year-wise and State/UT-wise;

(b) the number of accounts opened under SSY since its inception, year-wise and State/UT-wise;

(c) the details of amount deposited under SSY since its inception, year-wise and State/UT-wise;

(d) whether the returns on recurring deposits and fixed term deposit offer better returns than SSY;

(e) if so, the details thereof; and

(f) the steps taken by Government to correct the anomaly?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RADHAKRISHNAN P.): (a) Sukanya Samriddhi Yojana is a voluntary Small Savings Scheme under which an account is opened in the name of minor girl child. There is no fund allocation/expenditure incurred by Government on the scheme, however interest as notified by the Government from time to time is payable on deposit held in the accounts under the scheme.