

Rise in NPAs of PSBs

1791. SHRI RAVI PRAKASH VERMA: Will the Minister of FINANCE be pleased to state:

- (a) the details of NPAs of Public Sector Banks (PSBs) as on 30th June, 2019, bank-wise;
- (b) the details of NPAs of PSBs as on 30th June, 2014, bank-wise;
- (c) whether NPAs of PSBs have increased upto 500 to 600 per cent in last three years;
- (d) if so, the reasons therefor; and
- (e) if not, the details of increase in percentage, bank-wise?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR): (a) to (e) As per Reserve Bank of India (RBI) data on domestic operations, aggregate gross advances of PSBs increased from ₹ 16,96,051 crore as on 31.3.2008 to ₹ 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 banks, 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. Primarily as a result of transparent recognition of stressed assets as NPAs, gross NPAs of PSBs, as per RBI data on domestic operations, rose from ₹ 2,67,065 crore as on 31.3.2015, to ₹ 8,45,475 crore as on 31.3.2018, and as a result of Government's 4R's strategy of recognition, resolution, recapitalisation and reforms, have since declined by ₹ 1,35,366 crore to ₹ 7,10,109 crore as on 31.3.2019 (provisional data as reported by RBI on 2.7.2019).

Government adopted the comprehensive 4R's strategy consisting of recognition of NPAs transparently, resolution and recovering value from stressed accounts, recapitalising Public Sector Banks (PSBs), and reforms in PSBs and financial ecosystem to ensure a responsible and clean system. Steps taken under these strategies to expedite and enable resolution of NPAs of PSBs, and to improve the condition of banks include, *inter alia*, the following:—

- (i) Change in credit culture was effected, with the Insolvency and Bankruptcy Code (IBC) fundamentally changing the creditor-borrower relationship, taking

away control of the defaulting company from promoters/owners and debarring wilful defaulters from the resolution process and debarring them from raising funds from the market.

- (ii) Over the last four financial years, PSBs were recapitalised to the extent of ₹ 3.12 lakh crore, with infusion of ₹ 2.46 lakh crore by the Government and mobilisation of over ₹ 0.66 lakh crore by PSBs themselves.
- (iii) Key reforms were instituted in PSBs as part of PSBs Reforms Agenda, include the following:
 - (a) Board-approved Loan Policies of PSBs now mandate tying up necessary clearances/approvals and linkages before disbursement, scrutiny of group balance-sheet and ring-fencing of cash flows, non-fund and tail risk appraisal in project financing.
 - (b) Use of third-party data sources for comprehensive due diligence across data sources has been instituted, thus mitigating risk on account of misrepresentation and fraud.
 - (c) Monitoring has been strictly segregated from sanctioning roles in high-value loans, and specialised monitoring agencies combining financial and domain knowledge have been deployed for effective monitoring of loans above ₹ 250 crore.
 - (d) To ensure timely and better realisation in one-time settlements (OTSs), online end-to-end OTS platforms have been set up.

Enabled by the above steps, financial gains from cleaning of the banking system are now amply visible. Gross NPAs of PSBs, as per RBI data on domestic operations, have reduced over the last financial year (provisional data) by ₹ 1,35,366 crore, and as per RBI data on global operations, PSBs have recovered an amount of ₹ 3,09,568 crore over the last four financial years, including a record recovery of ₹ 1,21,076 crore in the last financial year (provisional data).

As per RBI data on domestic operations, the gross NPAs of PSBs, as on 30.6.2014, 31.3.2017, and 31.3.2019 (provisional data) were ₹ 2,24,542 crore, ₹ 6,41,057 crore and ₹ 7,10,109 crore respectively, which amounts to an increase of 10.77% over the last three financial years. RBI has apprised that the details of NPAs of PSBs as on 30.6.2019 are not available. Bank-wise details are given in Statement (*See* below).

Note: Figures cited above for PSBs for 31.3.2019 exclude those for IDBI Bank Limited, which was recategorised as a private sector bank by RBI with effect from 21.1.2019.

Statement
Gross NPA of Public Sector Banks

Bank	GNPA		% age increase between		
	As on 30.6.2014	As on 31.3.2017	As on 31.3.2019	31.3.2017 and 31.3.2019	
Allahabad Bank	7,599	20,520	28,698	39.85%	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. Enabled by Government's 4R's strategy, as per RBI data on domestic operations, PSBs have recovered ₹ 3,09,568 crore over the last four financial years, including record recovery of ₹ 1,21,076 crore during 2018-19 (provisional data as reported by RBI on 2.7.2019).
Andhra Bank	6,827	17,670	28,974	63.97%	
Bank of Baroda	10,641	34,935	40,388	15.61%	
Bank of India	11,160	42,724	51,167	19.76%	
Bank of Maharashtra	3,761	17,189	15,324	(-)10.85%	
Canara Bank	7,905	31,801	36,165	13.72%	
Central Bank of India	11,449	27,251	32,356	18.73%	
Corporation Bank	5,470	17,045	20,724	21.58%	
Dena Bank	3,169	12,619	12,768	1.18%	
IIDBI Bank Limited	10,762	38,223	-	-	
Indian Bank	4,415	9,588	13,156	37.21%	
Indian Overseas Bank	8,781	32,521	32,416	(-)0.33%	
Oriental Bank of Commerce	5,983	22,859	21,717	(-)5.00%	
Punjab and Sind Bank	3,010	6,298	8,606	36.65%	
Punjab National Bank	19,335	53,121	76,724	44.43%	

State Bank of India (SBI)	56,830	1,05,549	1,70,813	61.83%
State Bank of Bikaner and Jaipur	2,331	10,677		
State Bank of Hyderabad	6,174	18,212		
State Bank of Mysore	2,490	9,915	Merged with SBI	Merged with SBI
State Bank of Patiala	3,375	17,847		
State Bank of Travancore	3,282	8,817		
Bharatiya Mahila Bank Limited	0	55		
Syndicate Bank	4,742	15,662	22,348	42.70%
UCO Bank	5,982	21,699	29,233	34.72%
Union Bank of India	9,902	30,928	47,554	53.76%
United Bank of India	7,097	10,952	12,053	10.06%
Vijaya Bank	2,069	6,382	8,923	39.82%

Note: IDBI Bank Limited was recategorised as a private sector bank by RBI with effect from 21.1.2019

Source: RBI (domestic operations)