

1	2	3	4	5
Foreign Banks	The Royal Bank of Scotland PLC	2522660		0
	United Overseas Bank Ltd.	0		0
	Westpac Banking Corporation	0		0
	Woori Bank	0		0
TOTAL		3371156087	1361714547	89765343

Source: RBI.

Loan defaults in PSBs

2561. SHRI DEREK O' BRIEN: Will the Minister of FINANCE be pleased to state:

(a) the list of people who have borrowed and defaulted on loans of more than ₹ 25 crores taken from the Public Sector Banks (PSBs) and the details thereof;

(b) the details of total Non-Performing Assets (NPAs) with PSBs as of March, 2019; and

(c) the initiatives taken by Government to impose stricter checks on loan advances of such large amounts and the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR): (a) As per inputs received from Reserve Bank of India (RBI), as on 31.3.2019, there were 1,938 unique borrowers with funded amount outstanding (FAO) of more than ₹ 25 crore who had defaulted on their loans. Regarding the list of such borrowers, RBI has apprised that under the provisions of section 45E of the Reserve Bank of India Act, 1934, RBI is prohibited from disclosing credit information. Section 45E provides that credit information submitted by a bank shall be treated as confidential and not be published or otherwise disclosed.

(b) and (c) As per RBI data on global operations, aggregate gross advances of Public Sector Banks (PSBs) increased from ₹ 18,19,074 crore as on 31.3.2008 to ₹ 52,15,920 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 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. Further, all such schemes for restructuring stressed loans were withdrawn.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 global operations, rose from ₹ 2,79,016 crore as on 31.3.2015, to ₹ 8,95,601 crore as on 31.3.2018, and as a result of Government's strategy of recognition, resolution, recapitalisation and reforms, have since declined by ₹ 1,06,032 crore to ₹ 7,89,569 crore as on 31.3.2019 (provisional data as reported by RBI on 2.7.2019).

A number of initiatives have been taken for stricter check on loan advances of large amounts, including, *inter alia*, the following:—

- (1) PSBs have been asked to examine all accounts exceeding ₹ 50 crore, if classified as NPA, from the angle of possible fraud and to immediately initiate examination of the issue of wilful default once a fraud is reported.
- (2) Key reforms were instituted in PSBs as part of PSBs Reforms Agenda, including 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) All PSBs have created Stressed Asset Management Verticals, which monitor high-value Special Mention Accounts and identified stressed assets.
- (3) Through enactment of the Insolvency and Bankruptcy Code, 2016, taking over of management of the affairs of the corporate debtor at the outset of the corporate insolvency resolution process and debarment of wilful defaulters

and persons associated with NPA accounts from the process have been provided for, which has instilled greater credit discipline among corporate debtors.

- (4) PSBs have put in place arrangements for checking credit information reports of Credit Information Companies for sanction and renewal of corporate loans.
- (5) A Central Repository of Information on Large Credits (CRILC) has been created to collect, store and disseminate data on all borrowers' credit exposures of ₹ 5 crore and above, to enable better monitoring.
- (6) To enable banks to inform relevant authorities if need arises, PSBs have been advised to obtain a certified copy of the passport of promoters/Directors and other authorised signatories of companies availing of loan facilities of more than ₹ 50 crore. The heads of PSBs have also been empowered to issue requests for issue of Look Out Circulars.
- (7) A Central Fraud Registry has been created for all frauds reported by banks to RBI, involving amount above ₹ 1 lakh.

Enabled by the above steps, financial gains from cleaning of the banking system are now amply visible. As per RBI data on global operations, the NPAs of PSBs, after reaching a peak of ₹ 8,95,601 crore as on 31.3.2018, have since declined by ₹ 1,06,032 crore to ₹ 7,89,569 crore as on 31.3.2019 (provisional data for the financial year ending March 2019). PSBs have recovered ₹ 3,16,479 crore over the last four financial years, including a record recovery of ₹ 1,27,987 crore during 2018-19 (provisional data for the financial year ending March 2019, as reported by RBI on 9.7.2019).

Note: Figures cited above for PSBs include those for IDBI Bank Limited, which was re-categorised as a private sector bank by RBI with effect from 21.1.2019.

Stringent measures to deal with wilful defaulters

2562. DR. SASIKALA PUSHPA RAMASWAMY: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that the cases of wilful defaulters to banks have increased manifold over the past years;
- (b) if so, the details of wilful defaulters during last three years;
- (c) whether nationalised banks have requested Government to take stringent measures in order to deal with wilful defaulters; and