GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO. 1511
ANSWERED ON – 15/3/2022
Private sector banks that failed after 1969

1511. Shri Shaktisinh Gohil:

Will the Minister of FINANCE be pleased to state:

(a) total number of private sector banks that failed after 1969;

(b) which failed private sector banks were bailed out by Public Sector Banks (PSBs);

(c) whether there is any move to privatize PSBs in the years 2021-2022-2023;

(d) gross Non-Performing Assets (NPAs) and net NPAs as on 31-3-2019, 2020 and 2021;

(e) amount provided by PSBs towards provision for NPAs for the above three financial years;

(f) amount actually written off by PSBs for the above three years;

(g) amount recovered by the banks after these amounts were written off; and

(h) the details of the above information, bank-wise?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(DR. BHAGWAT KARAD)

(a) and (b): The Reserve Bank of India (RBI) has apprised that RBI in its role of a Regulator and Supervisor of the banking system closely monitors the financial condition of banks keeping in view various concerns which may result in distress, and monitors the Governance issues and practices in the banks which may be responsible for deterioration in its performance. All steps are taken to ensure that a bank does not reach to a stage where its failure becomes imminent. The banks are given adequate opportunity to draw up a credible capital and revival plan and guided through the process as per requirements. However, in a scenario where a bank is on the verge of failure and other options have not worked, to safeguard the interest of the depositors and ensure stability of financial system, RBI makes efforts for resolution of the concerned bank, generally under the powers available under section 45 of the Banking Regulation Act, which enables RBI to frame schemes for reconstruction of the bank or its amalgamation with a stronger bank with the approval of Government of India.

Further, due to the continuous monitoring and comprehensive pre-emptive measures taken by RBI, banks generally do not reach a stage requiring resolution under section 45. However, whenever such a requirement has arisen, RBI has taken necessary action for a successful resolution.

(c): The Finance Minister, in her speech on the Union Budget for the year 2021-22, announced the Government's intent to take up the privatisation of two Public Sector Banks (PSBs) and the approval of a policy of strategic disinvestment of Public Sector Enterprises (PSE). As per the New PSE policy for Atmanirbhar Bharat, the objectives of the policy include enablement of growth of public sector enterprises through infusion of private capital, thereby contributing to economic growth and new jobs, and financing of social sector and development programmes of the Government. Further, the decision for privatization of PSBs by Cabinet Committee concerned for privatization of PSBs has not been taken.

(d) to (h): As per Reserve Bank of India (RBI) data, aggregate gross advances of PSBs increased from Rs. 18,19,074 crore as on 31.3.2008 to Rs. 52,15,920 crore as on 31.3.2014. As per RBI inputs, aggressive lending practices during this period along with wilful default/loan frauds/corruption in some cases, economic slowdown etc. were observed to be primary reasons for the spurt in the stressed assets. 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 in the financial year (FY) 2017-18. Primarily as a result of transparent recognition of stressed assets as NPAs, as per RBI data on global operations, gross NPA of PSBs rose from Rs. 2.79 lakh crore as on 31.3.2015, to Rs. 8.96 lakh crore as on 31.3.2018, and as a result of Government's strategy of recognition, resolution, recapitalisation and reforms, have since declined to Rs. 5.60 lakh crore as on 31.12.2021. Details of bank-wise gross NPAs, net NPAs and provisions for NPAs at the end of FY2018-19, FY2019-20 and FY2020-21 are at Annex-I.

As per data reported by RBI, PSBs have effected a total recovery of Rs. 3,12,987 crore, in NPA accounts and written-off loans since FY2018-19 to FY2020-21. Bank-wise details of write-off and recoveries by PSBs during the last three financial years are at Annex-II and Annex-III respectively.

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Annex-I

Details of gross NPA, net NPA and Provisions for NPAs of Public Sector Banks

Amounts in crore Rs.

Bank	31.3.2019			31.3.2020			31.3.2021		
	GNPA	Net NPA	Provisions for NPAs	GNPA	Net NPA	Provisions for NPAs	GNPA	Net NPA	Provisions for NPAs
Bank of Baroda[1]	69,924	23,795	45,708	69,381	21,577	47,542	66,671	21,800	44,465
Bank of India	60,661	19,148	39,392	61,550	14,320	45,081	56,535	12,262	42,074
Bank of Maharashtra	15,324	4,559	10,563	12,152	4,145	7,814	7,780	2,544	4,846
Canara Bank[2]	63,904	35,804	27,861	61,128	26,952	33,874	60,288	25,545	34,743
Central Bank of India	32,356	11,333	19,934	32,589	11,534	19,872	29,277	9,036	19,149
Indian Bank[3]	42,058	14,212	27,420	41,998	14,272	27,058	38,455	12,271	25,640
Indian Overseas Bank	33,398	14,368	18,692	19,913	6,604	12,645	16,323	4,578	11,087
Punjab and Sind Bank	8,606	4,994	3,564	8,875	4,684	4,139	9,334	2,462	6,817
Punjab National Bank[4]	1,12,243	44,307	66,409	1,05,165	38,467	66,154	1,04,423	38,576	65,128
State Bank of India	1,72,750	65,895	1,05,011	1,49,092	51,871	95,830	1,26,389	36,810	89,579
UCO Bank	29,888	9,650	18,994	19,282	5,511	12,693	11,352	4,390	6,050
Union Bank of India[5]	98,427	36,622	61,465	97,193	31,613	65,351	89,788	27,087	62,154

Source: RBI Data

[1] Vijaya Bank and Dena Bank were amalgamated into Bank of Baroda with effect from 1.4.2019

[2] Syndicate Bank was amalgamated into Canara Bank with effect from 1.4.2020

[3] Allahabad Bank was amalgamated into Indian Bank with effect from 1.4.2020

[4] Oriental Bank of Commerce and United Bank of India were amalgamated into Punjab National Bank with effect from 1.4.2020

[5] Andhra Bank and Corporation Bank were amalgamated into Union Bank of India with effect from 1.4.2020

Note: The figures of the banks amalgamated are incorporated into those for the respective bank into which they were amalgamated.

Annex-II

Amounts written off by Public Sector Banks

Amounts in crore Rs.

Bank	FY 2018-19	FY 2019-20	FY 2020-21	As per RBI 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 evaluate/consider the impact of write-offs as part of their regular exercise to clean up their balance-sheet, avail of tax benefit and optimise capital, in accordance with RBI guidelines and policy approved by their Boards. As borrowers of written-off loans continue to be liable for repayment and the process of recovery of dues from the borrower in written-off loan accounts continues, write-off does not benefit the borrower. Banks continue to pursue recovery actions initiated in written-off accounts through various recovery mechanisms available, such as filing of a suit in civil courts or in the Debts Recovery Tribunals (DRT), action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI), filing of cases in the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code (IBC), 2016, through negotiated settlement/compromise, and through sale of non-performing assets.
Bank of Baroda[1]	19,292	15,912	14,782	
Bank of India	7,405	7,618	8,815	
Bank of Maharashtra	5,127	5,698	4,931	
Canara Bank[2]	21,042	12,431	7,642	
Central Bank of India	10,375	4,169	5,992	
Indian Bank[3]	7,091	12,151	8,371	
Indian Overseas Bank	7,794	16,405	4,618	
Punjab and Sind Bank	1,635	1,781	71	
Punjab National Bank[4]	24,076	18,444	15,877	
State Bank of India	58,905	52,362	34,402	
UCO Bank	4,420	12,479	9,410	
Union Bank of India[5]	16,040	16,426	16,983	

Source: RBI data, Global operations

[1] Vijaya Bank and Dena Bank were amalgamated into Bank of Baroda with effect from 1.4.2019

[2] Syndicate Bank was amalgamated into Canara Bank with effect from 1.4.2020

[3] Allahabad Bank was amalgamated into Indian Bank with effect from 1.4.2020

[4] Oriental Bank of Commerce and United Bank of India were amalgamated into Punjab National Bank with effect from 1.4.2020

[5] Andhra Bank and Corporation Bank were amalgamated into Union Bank of India with effect from 1.4.2020

Note: The figures of the banks amalgamated are incorporated into those for the respective bank into which they were amalgamated.

Annex-III

Aggregate recoveries in written-off accounts of Public Sector Banks

Amounts in crore Rs.

Bank	FY 2018-19	FY 2019-20	FY 2020-21
Bank of Baroda[1]	12,309	7,132	5,372
Bank of India	7,994	6,667	4,155
Bank of Maharashtra	2,024	1,318	1,458
Canara Bank[2]	10,076	12,104	7,286
Central Bank of India	5,242	3,596	2,675
Indian Bank[3]	4,234	4,086	3,856
Indian Overseas Bank	4,381	2,987	1,635
Punjab and Sind Bank	883	465	879
Punjab National Bank[4]	18,107	13,759	11,442
State Bank of India	26,718	22,645	13,381
UCO Bank	2,992	2,716	1,168
Union Bank of India[5]	7,049	7,156	5,190

Source: RBI data

[1] Vijaya Bank and Dena Bank were amalgamated into Bank of Baroda with effect from 1.4.2019

[2] Syndicate Bank was amalgamated into Canara Bank with effect from 1.4.2020

[3] Allahabad Bank was amalgamated into Indian Bank with effect from 1.4.2020

[4] Oriental Bank of Commerce and United Bank of India were amalgamated into Punjab National Bank with effect from 1.4.2020

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Note: The figures of the banks amalgamated are incorporated into those for the respective bank into which they were amalgamated.

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