

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA
UNSTARRED QUESTION NO-1005
ANSWERED ON- 12/12/2023

LOSS INCURRED BY BANKS

1005. SHRI KUMAR KETKAR

Will the Minister of FINANCE be pleased to state:-

- (a) the reasons for loss to Bank for an amount of ₹ 12 lakh crores till 31st Dec 2022;
- (b) the action being taken to punish those who defrauded the banks;
- (c) how many out of those who defrauded banks have absconded from the country, along with details like name of person, amount defrauded and when absconded and status of loan;
- (d) whether it is a fact that Finance Minister has publicly stated that gross NPA had shot up from 4.1 per cent as on March 2014 to 11.46 per cent as on March 2018; and
- (e) whether it is also a fact that NPA had shot up to 12.17 per cent in the last seven years?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (e): The Asset Quality Review (AQR) initiated by the Reserve Bank of India (RBI) in 2015 revealed high incidence of non-performing assets (NPAs). Following the AQR results, banks initiated transparent recognition, reclassifying standard restructured advances as NPAs and providing for expected losses on such advances. Thus, primarily as a result of transparent recognition of advances with stress as NPAs, gross NPA ratio of scheduled commercial banks rose from 4.28% in March 2015 to 11.18% in March 2018. However, as a result of Government's 4R's strategy of recognising NPAs transparently, resolving and recovering value from stressed accounts through clean and effective laws and processes, recapitalising public sector banks, and reforms in banks and financial ecosystem, gross NPA ratio of scheduled commercial banks has since declined to 3.87% as on March 2023. Details of gross NPA ratio and operating profit (Earning Before Provisions and Taxes) of SCBs from FY 2014-15 to FY 2022-23, are at **Annex**.

With regard to actions taken against the cases of fraud, banks are required to lodge complaints, immediately on detection of fraud, with law enforcement agencies. No additional facility is granted by any bank/ financial institutions to borrowers classified as fraud. Such borrowers are also debarred from availing bank finance from Scheduled Commercial Banks, Development Financial Institutions, Government owned NBFCs, Investment Institutions, *etc.*, for a period of five years from the date of full payment of the defrauded amount. Also, *vide* Securities and

Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2016, wilful defaulters and companies with wilful defaulters as promoters/directors have been debarred from accessing capital markets to raise funds. Further, the Insolvency and Bankruptcy Code, 2016 has debarred wilful defaulters from participating in the insolvency resolution process.

Further, the Directorate of Enforcement (ED) has apprised that it has taken up around 1,105 bank fraud cases for investigation under the provisions of the Prevention of Money Laundering Act, 2002 (PMLA). Necessary action as per the provisions of PMLA has been taken, which resulted in attachment of proceeds of crime (PoC) amounting to Rs. 64,920 crores (approx.). 150 accused persons have been arrested and 277 Prosecution Complaints (PCs), including 54 supplementary PCs have been filed before the Hon'ble Special Courts (PMLA). Also, 12 accused have been declared as Proclaimed Offender. Further, 8 accused who fled the country, *viz* Vijay Mallya, Nirav Modi, Nitin Sandesara, Chetan Sandesara, Dipti Sandesara, Hitesh Patel, Ramanujam Sesarathnam, and Sudarsan Venkatraman have been declared as Fugitive Economic Offender under the provisions of the Fugitive Economic Offenders Act, 2018 (FEOA). In these cases, as on 8.12.2023, assets amounting to Rs. 15,186.64 crore have been confiscated, out of which assets amounting to Rs. 15,183.77 crore have been restituted to the public sector banks under PMLA. Further, 3 accused have been convicted in these cases under the provisions of PMLA. Furthermore, PMC Bank has recovered Rs. 104.02 crore with the active co-operation and support of ED. Also, assets amounting to Rs. 725.90 crores have been confiscated under provisions of FEOA.

Rajya Sabha unstarred question no. 1005, regarding Loss incurred by banks

Details of gross NPA ratio and operating profit of Scheduled Commercial Banks

(Amounts in crore Rs.)

FY	Gross NPA Ratio	Operating Profit
2014-15	4.28%	2,34,200
2015-16	7.48%	2,46,067
2016-17	9.31%	2,88,088
2017-18	11.18%	2,93,101
2018-19	9.07%	3,07,385
2019-20	8.21%	3,73,884
2020-21	7.33%	4,24,471
2021-22	5.82%	4,39,185
2022-23	3.87%	5,16,066

Source: RBI (provisional data for FY 2022-23)
