

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA
UNSTARRED QUESTION NO-208
ANSWERED ON- 05/12/2023

WRITE-OFFS BY SCHEDULED COMMERCIAL BANKS

208. SHRI JAWHAR SIRCAR

Will the Minister of FINANCE be pleased to state:-

- (a) the total amount written off by SCBs on account of corporate loans and on account of frauds in the last five years, from 2018-19 onwards;
- (b) whether there is any overlap between write-off for bad corporate loans and losses on account of frauds, and if so, how much; and
- (c) the cumulative write off in five years on account of corporate loans and frauds?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (c): The Reserve Bank of India (RBI) has apprised that information regarding the corporate loan amount written-off is not maintained by it. However, scheduled commercial banks (SCBs) have written-off an aggregate amount of Rs. 5.52 lakh crore in respect of loans pertaining to Large industries and Services during the last five financial years (FYs), *i.e.* from FY 2018-19 to FY 2022-23.

With regard to amount written-off by banks in respect of accounts declared as frauds, RBI has apprised that SCBs, during the last five financial years, have written-off an amount of Rs. 93,874 crore in accounts where fraud has been reported during the same period. However, in respect of frauds based on the date of occurrence, SCBs have written-off Rs. 26,148 crore during the last five financial years. Further, as per RBI guidelines and policy approved by banks' Boards, NPAs, 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 tax benefit and optimise capital, in accordance with the said guidelines and policies of the respective Boards. Such write-off does not result in waiver of liabilities of borrowers to repay and therefore, write-off does not benefit the borrowers. The borrowers of written-off loans continue to be liable for repayment and banks continue to pursue recovery actions initiated in written-off accounts through various recovery mechanisms available to them, such as filing of a suit in civil courts or in Debts Recovery Tribunals, action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, filing of cases in the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016, through negotiated settlement/compromise, and through sale of non-performing assets.
