

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:7243

ANSWERED ON:12.05.2000

PROFIT LOSSES OF BANKS

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**Will the Minister of FINANCE be pleased to state:**

- (a) the profit/losses incurred by each nationalised bank during each of the last three years;
- (b) the reasons for losses;
- (c) the action taken against the bank employees and officers responsible for such losses;
- (d) the strategies adopted to check the bank losses; and
- (e) the amount of loan written off due to non-recovery of debts during the last three years, bank-wise?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATH):

(a) Statement-I indicating profit/losses incurred by each nationalised bank during each of the last three years as on 31.3.99 (latest available) is enclosed. Only two banks namely Indian Bank and UCO Bank have made net losses for the year 1998-99.

(b) Some of the reasons affecting the profitability of the banks are high cost of deposit, low income on advances, high overhead expenditure, increasing operational cost, excess manpower, high incidence of non-performing assets and the need for making provision in the light of introducing of prudential norms by the Reserve Bank of India (RBI) in the year 1992-93.

(c) The losses/non-performing assets arise for a number of reasons not all of which are attributable to action or inaction on the part of the officials of the banks. Some of the reasons are external to the bank and do not arise from either deficiency in credit appraisal or mala fide action on the part of any official. Staff accountability is also looked into whenever an account goes bad and action is taken as per the policy laid by banks.

(d) Banks/Government of India/Reserve Bank of India have taken several steps for recovery of bank dues which include framing and implementation of recovery policy by banks, filing of suits with Civil courts, filing cases with Debts Recovery Tribunals (DRTs), strengthening and setting up more DRTs and DRATs, compromise settlement through Settlement Advisory Committees and monitoring and follow up of non-performing accounts.

In addition, an amendment to Recovery of Debts due to Banks and Financial Institutions (amendment) Act, 2000 bringing about various amendments to the Debts due to banks and financial institutions Act, 1993, which are intended to give more powers to the Tribunals has been made.

The three identified weak banks including the loss making banks have been asked to submit their draft viable restructuring programme.

(e) Statement-II indicating bank-wise amount of loan written-off during the last three years, as reported by Reserve Bank of India (RBI) is enclosed.