

FINANCIAL STATUS OF NATIONALISED BANKS

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Ministry of Finance

Financial Status of Nationalised Banks

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Asset Quality Review (AQR) carried out in 2015 for clean and fully provisioned bank balance-sheets revealed high incidence of non-performing assets (NPAs). Expected losses on stressed loans, not provided for earlier under flexibility given to restructure loans, were reclassified as NPAs and provided for. Nationalised banks initiated cleaning up by recognising NPAs and provided for expected losses. Further, during the fourth quarter of the financial year (FY) 2017-18, all such schemes for restructuring stressed loans were withdrawn under RBI's Revised Resolution framework for Stressed Assets issued in February 2018. As a result, while nationalised banks posted aggregate operating profits during the last four financial years (2014-15 to 2017-18) of Rs. 3,45,180 crore many had net losses primarily on account of continuing ageing provision for NPA recognised as a result of AQR initiated in 2015 and subsequent transparent recognition by banks including under RBI's Revised Resolution framework for Stressed Assets issued in February 2018. Nationalised banks made aggregate provision for NPAs and other contingencies of Rs. 4,05,456 crore during the last four financial years, resulting in net loss of Rs. 81,009 on aggregate basis over the period.

Government has infused capital amounting to Rs. 1,07,543 crore in the last four financial years in nationalised banks to help them meet capital requirements.

This was stated by Shri Shiv Pratap Shukla, Minister of State for Finance in a written reply to a question in Lok Sabha today.

DSM/RM/KA

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