GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF FINANCIAL SERVICES

**RAJYASABHA**

## UNSTARRED QUESTION NO. 1974

TO BE ANSWERED ON THE 13TH MARCH 2018/ PHALGUNA 15, 1939 (SAKA)

**Rising NPAs of SBI**

**1974. SHRI SANJAY SINGH:**

Will the Minister of FINANCE be pleased to state:

1. whether it is a fact that the State Bank of India (SBI) has reported a net loss of Rs. 2400 crores in 2017 against a net profit of Rs. 2600 crores in 2016;
2. whether it is also a fact that the SBI’s Non Performing Assets (NPAs) have doubled to rupees two lakh crore from rupees one lakh crore in 2016;
3. if so, what are the reasons for such a performance by India’s largest bank and its repercussions on other banks; and
4. the measures taken by Government to address this problem during the last four years?

**ANSWER**

The Minister of State in the Ministry of Finance

(SHRI SHIV PRATAP SHUKLA)

(a): As per the reported results of the State Bank of India (SBI),subsequent to merger of its associate banks and Bhartiya Mahila Bank with SBI, in the financial year (FY) 2017-18 (till December 2017), SBI had a net profit of Rs. 1,171crore.Prior to the merger, SBI had a net profit of Rs. 1,637crore in FY2016-17 (till December 2016).

(b): As per the reported results of SBI, subsequent to merger of its associate banks and Bhartiya Mahila Bank with SBI, as of December 2017, SBI had Gross Non-Performing Assets (GNPAs) of Rs. 199,141 crore, with a GNPA ratio of 8.70%. Prior to the merger, as of December 2016, SBI had GNPAs of Rs. 1,08,172 crore, with a GNPA ratio of 10.35%.

(c): The primary reasons for lower profits in FY 2017-18 (till December 2017),*vis-à-vis* the corresponding period in the preceding financial year, are higher provisioning on account of NPAs, and lower trading income and mark-to-market losses in SBI’s bond portfolio due to significant hardening of bond yields. The primary reasons for increase in GNPA ratio over the same period are alignment of asset quality in accounts common to SBI and its associate banks in the context of the merger, and stressed accounts.

(d): Government has taken various measures to improve the financial health of all Public Sector Banks (PSBs), including SBI. These include recapitalisation, under which capital infusion by the Government of an amount of Rs. 8,800 crore has been announced for the current financial year. Further, under the PSB Reforms Agenda, SBI has committed to raising capital from the market, realising value from banks’ non-core investments, strict segregation of pre- and post-sanction roles, clean consortium lending arrangements, and clean post-sanction follow-up for loans above Rs. 250 crore. In addition, Reserve Bank of India has issued a revised framework for resolution of stressed assets, to provide for timebound resolution of high-value stressed assets.

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