

# Debt concerns rise as 18 PSU banks' write-offs shoot up 41.5% to Rs 9,116 crore in Q2

By: [Shritama Bose](#) | Updated: November 27, 2018 3:05 AM

Indian Bank saw the steepest climb in write-offs that jumped 672% y-o-y to Rs 1,258 cr.



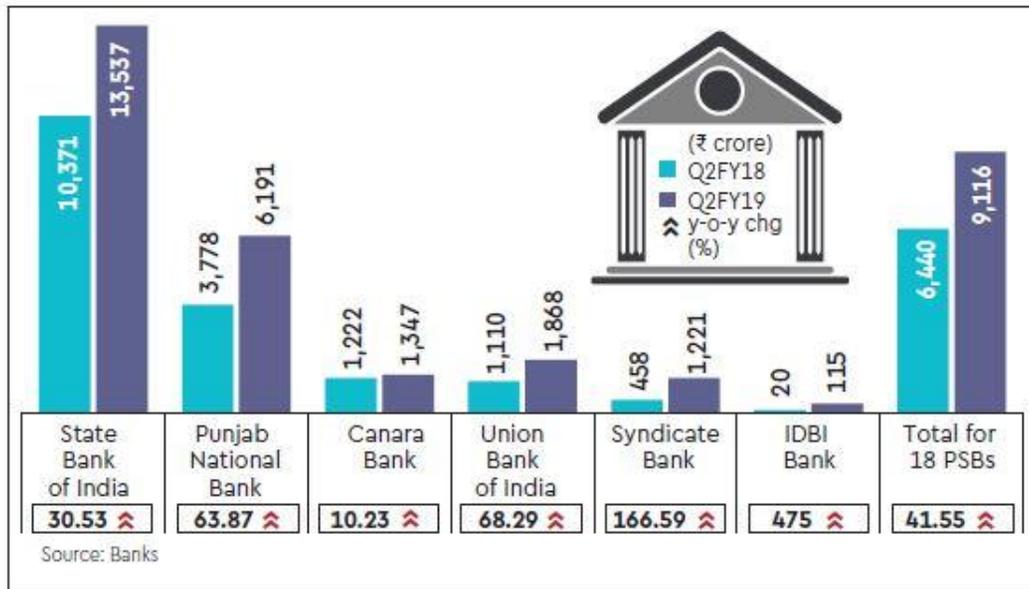
Write-offs are part of a regular exercise by banks to clean up their balance sheets and avail tax benefits. (Reuters)

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Loans written off by a clutch of 18 large and mid-sized public sector banks in the July-September quarter of FY19 rose 41.5% year-on-year (y-o-y) to over Rs 9,000 crore, showed data compiled by FE.

The reduction in non-performing assets (NPAs) due to write-offs stood at Rs 9,116 crore in Q2FY19, against Rs 6,440 crore in Q2FY18.

According to Reserve Bank of India (RBI) guidelines and policy approved by banks' boards, NPAs, including those in respect of which full provisioning has been made on completion of four years, are removed from the balance sheets of banks by way of write-offs.



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Write-offs are part of a regular exercise by banks to clean up their balance sheets and avail tax benefits. Borrowers of written-off loans continue to be liable for repayment and banks keep up efforts to recover them. If recoveries are

made from written-off accounts, they get reflected in banks' non-interest income.

Indian Bank saw the steepest climb in write-offs, which jumped 672% y-o-y to Rs 1,258 crore in Q2FY19. It was followed by IDBI Bank, which saw a 475% rise in write-offs to Rs 115 crore during the July-September quarter. State Bank of India (SBI), the country's largest lender, had written off loans worth Rs 13,537 crore during Q2FY19, up 30.5% from Rs 10,371 crore a year ago.

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Bank of Baroda (BoB), Bank of India (BoI), Allahabad Bank and Andhra Bank were the only four lenders among the 18 that recorded a y-o-y drop in write-offs for the September quarter. BoB's write-offs stood at Rs 1,287 crore during Q2FY19, lower 27% y-o-y, while BoI's write-offs declined 94% y-o-y to Rs 161 crore.

Allahabad Bank wrote off loans worth Rs 429 crore and Andhra Bank worth Rs 177 crore, down 44% y-o-y and 14% y-o-y, respectively. In August, FE had reported that write-offs made by 21 PSBs rose 57% y-o-y in FY18 and crossed the Rs 1-lakh-crore mark. While it is possible banks may recover some of this money, the write-offs are expected to be sizeable in the current year too. The hits will come following the insolvency proceedings initiated for 40-odd large companies to which lenders have a total exposure of Rs 2.4 lakh crore, and some large power assets.

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