



# Banking News

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NEWS BULLETIN from ALL INDIA BANK EMPLOYEES' ASSOCIATION

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## AIBEA names 5,600 defaulters

N. ANAND,

THE  HINDU

**State Bank of India was defrauded by more than 1,030 borrowers totalling Rs.12,091 crore**

**All India Bank Employees' Association (AIBEA)** has announced the names of 5,600 wilful defaulters, who have collectively owe public and private sector banks over Rs.58,790 crore as of March 2016.

Talking to The Hindu, AIBEA General Secretary, C.H. Venkatachalam said that State Bank of India was defrauded by more than 1,030 borrowers totalling Rs.12,091 crore.

Punjab National Bank was second in the list with a total outstanding of Rs.9,445 crore from 698 applicants.

Central Bank saw loan defaults by 639 firms amounting to Rs.3,574 crore while Union Bank of India was yet to recover Rs.2,990 crore from 611 applicants. IOB had one loan defaulted amounting to Rs.1,380 crore from Indian Technomach Company.

The top 10 in AIBEA's list include Winsome Diamonds & Jewellery (Rs.2,266 crore), Zoom Developers (Rs.1,710 crore), Kingfisher Airlines (Rs.1,201 crore owed to SBI alone), Forever Precious Jewellery & Diamonds (Rs.1,002 crore), Beta Naphtol (Rs.958 crore), Deccan Chronicle (Rs.884 crore), and S. Kumar's Nationwide (Rs.600 crore).

On the differences in amounts published by CIBIL in December and by AIBEA, he said that some banks were yet to declare bad loans as non-performing asset.

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## **ALL INDIA BANK EMPLOYEES' ASSOCIATION**

**PRESS RELEASE:**

**19<sup>th</sup> July, 2016**

- **Publish the names of bank loan defaulters**
- **Take stringent measures to recover bad loans**
- **Declare willful default as criminal offense**
- **Kick out bad loans before they kill our Banks**

Bad loans in the Banks are increasing day by day.

<b>As on 31<sup>st</sup> March</b>	<b>Gross NPA Rs. In crores in PSBs</b>
2002	54,673
2003	54,090
2004	51,537
2005	48,399
2006	41,358
2007	38,968
2008	39,030
2009	44,957
2010	59,927
2011	74,664
2012	1,17,000
2013	1,64,461
2014	2,16,739
2015	2,78,877
2016	5,39,995

But the Government and the RBI are not taking tough measures to recover the bad loans. Even their names are not being published. Loans are given

from public money. Hence people should know who the loan defaulters are. When poor borrowers are harassed, corporate defaulters are given all concessions. The number of willful defaulters is also on the increase.

We demand that willful default should be terms as 'criminal offence' and criminal action should be taken against them for recovery of the loans. Hence we are publishing the names of the willful defaulters of the Banks.

## **For List of Wilful Defaulters**

**Please visit the "Latest News" section of our Website**

**<http://www.aibea.in>**

## **'Wilful default should be treated as criminal offence'**

PRONoy NATH BANERJI

THE HINDU  
**BusinessLine**



CH VENKATACHALAM General Secretary, AIBEA

### **AIBEA General Secretary says people's savings in banks should be used for national development**

**All-India Bank Employees Association (AIBEA)**, India's oldest bank employees union, is threatening to disclose the names of 7,000 wilful corporate defaulters this week. The union is also calling for a one-day strike on July 29 to protest against what they call "anti-people" banking reforms being pursued by the government.

Speaking to *Bloomberg TV India*, AIBEA General Secretary C.H Venkatachalam says the government and the RBI should change the rules to

make wilful default a criminal offence. People's savings in banks should be used for national development, he said.



- Can you elaborate on the extent of loans that went bad due to wilful default?

As of now there are about 7,000 accounts of wilful defaulters, which constitute about Rs 70,000 crore.

- How many banks are involved in putting this list together?

All the major banks are involved — about 30 banks.

- What sectors do the top defaulters belong to?

It includes all the major industries such as infrastructure, steel and real estate.

- Are you saying that this Rs. 70,000 crore is not being reported by banks as NPAs? What is the real issue behind it?

It is also NPAs. In addition, they are also classified as deliberate wilful defaulters who have diverted the money, misused the money and abused the loan with a purpose. The total loan will be more than Rs 10 lakh crore, which are bad loans. Out of that, these are all identified as wilful default cases.

- Do you think the banks are not doing enough in terms of flagging off the risks of these wilful defaulters?

The RBI says we have to identify (NPAs). In some of the cases, they are restructuring the loans and disguising them as good loans. Otherwise, banks are declaring wilful defaulters as such. But they do not tell outside.

People must know that somebody has misused the loan because Banks give the loan from people's money. There must be transparency. People should know that somebody has taken a bank loan, and is deliberately defaulting like Kingfisher (Vijay Mallya). But there are

7,000 individual companies like him. Banks must publish the list of defaulters.

Normal, genuine default is possible because of genuine reasons. But when someone deliberately cheats a bank, they are treated in civil cases. This is a criminal offence and they must be declared criminal offenders and criminal action must be taken against them. Wilful default should be treated as a criminal offense in our country. The law must change. The RBI is not doing enough on that. The government is not doing anything on that.

- The RBI has over time come up with various schemes such as Corporate Debt Restructuring (CDR), Strategic Debt Restructuring (SDR), and Sustainable Structuring of Stressed Assets (S4A) scheme recently. Are you saying that the banks are taking equity ownership and then disguising these loans as good loans?

Earlier, as per CDR, the loans were given in more instalments. Now, with S4A, the bank will ask borrowers — who default Rs 500 crore or more — how much they can pay. Take the example of Mallya's case. He had taken some Rs 7,000 crore of loans. He says, 'I can repay Rs. 2,000 crore'.

That Rs 2,000 crore will be shown as loan and he will start paying interest on that. And the remaining Rs 5,000 crore will be treated as equity investment of the bank in a company such as Kingfisher. It is no good because Kingfisher is not doing well and there will be no return of that investment.

Can banks control an ailing company? If the banks invest, they will become major shareholders. Banks are not able to do the banking job, will they be able to run Kingfisher or any other company. But the point is, they are trying to whitewash the whole thing. The question is: how do you recover the money?

Ultimately, the money is not coming. Why can't we take criminal action against the wilful defaulters and recover the money?

# Left, Cong MPs oppose merger of Associate Banks with SBI

PTI | Jul 19, 2016, TIMES OF INDIA

New Delhi, Jul 19 () Left and Congress members today opposed the merger of five associate banks with the SBI saying the decision was not in interest of financial economy of the country.

Raising the issue during Zero Hour in Rajya Sabha, **K K Ragesh** (CPI-M) said **merger of State Bank of Travancore (SBT) with State Bank of India will affect Kerala in a very big way.**

Its merger with SBI, he said, **could lead to closure of several branches of the bank and hurt employment opportunities.**

"People of Kerala consider SBT as their own bank," he said, adding that **SBT provides about 60 per cent of education loans in the State.**

Ragesh asked the government to reconsider the decision of merger of associate banks with SBI.

**Senior Congress leader A K Antony said the issue of merger was "agitating" entire Kerala. The merger could affect the entire economy of Kerala.**

**Tapan Kumar Sen** (CPI-M) said the merger was part of government's strategy of merging other commercial banks.

**"This is not in interest of financial economy of the country,"** he said, adding bank employees unions, irrespective of their affiliations, have given a strike call on July 29 to protest against the merger. He said **merger of banks will squeeze employment opportunities in the country.**

**Congress leader Jairam Ramesh said the merger of the associate banks with SBI was detrimental to interest of states.**

## Centre pumps Rs 22,915 cr into public sector banks

SURABHI /BUSINESS LINE ■ NEW DELHI, JULY 19:

<b>The chosen ones</b>	
<b>Name of Bank</b>	<b>(in ₹ crore)</b>
State Bank of India	7,575
Indian Overseas Bank	3,101
Punjab National Bank	2,816
Bank of India	1,784
Central Bank of India	1,729
Syndicate Bank	1,034
UCO Bank	1,033
Canara Bank	997
United Bank of India	810
Union Bank of India	721
Corporation Bank	677
Dena Bank	594
Allahabad Bank	44
<b>Total</b>	<b>22,915</b>

To support liquidity, lending; 8,167 wilful defaulters owe Rs. 76,685 crore, says Jaitley

The Centre on Tuesday allocated Rs. 22,915 crore as capital infusion (in 2016-17) in 13 public sector banks that are burdened with non-performing loans, to help improve their liquidity and support lending operations.

Of the allocated amount for each bank, 75 per cent has been released for now, "to provide liquidity support for lending operations and enable them to raise funds from the market." The balance amount is linked to performance and would be released later, the Finance Ministry said on Tuesday.

As part of its Indradhanush plan to revitalise state-owned lenders, the Finance Ministry plans to infuse Rs. 70,000 crore in the four-year period between 2015-16 and 2018-19. The gross bad loans of PSBs increased to 9.6 per cent as of March 2016, from about 6 per cent a year earlier, according to the Reserve Bank of India. The Union Budget 2016-17 had allocated Rs. 25,000 crore for bank re-capitalisation.

The country's largest public sector bank State Bank of India has received the highest amount (Rs. 7,575 crore), followed by Indian Overseas Bank (Rs. 3,101 crore) and Punjab National Bank (Rs. 2,816 crore).

Bank of India received Rs. 1,784 crore and Central Bank of India Rs. 1,729 crore, while Allahabad Bank received the least amount (Rs. 44 crore).

"The capital infusion exercise for the current year is based on an assessment of need as assessed from the CAGR of credit growth for the last five years, banks' own projections of credit growth and an objective assessment of the potential for growth of each public sector bank," said a Finance Ministry statement.

### **Wilful defaulters**

Meanwhile, Finance Minister Arun Jaitley on Tuesday also informed Parliament that there are **8,167 wilful defaulters, who owe banks a cumulative amount of Rs. 76,685 crore.**

He further said that many defaults on banks have been from sectors such as steel, infrastructure and power, and the government has worked to address the problems of these sectors in the past year and a half.

Expressing the hope that the measures to help banks and the passage of the Insolvency Code would have a positive impact, he told Rajya Sabha that a Joint Committee of Parliament is looking into a Bill relating to debt recovery, which aims at empowering banks to take more effective steps in dealing with default situations.

### **Banks welcome it**

Arundhati Bhattacharya, Chairman of SBI, said, "The provision of bank capital is most welcome and is very timely. We are hopeful that such provision of capital will help the banks in increasing lending, raising additional funding and cleaning up their balance sheets."

TN Manoharan, Chairman, Canara Bank, welcomed the government move to infuse Rs. 997 crore capital into Canara Bank. "The government has taken the right step. This will would help Canara Bank undertake its planned expansion more confidently," he told *BusinessLine*.

In April this year, Canara Bank had raised Rs. 3,000 crore in the form of Tier-2 bonds.

Animesh Chauhan, Chief Executive Officer & Managing Director, Oriental Bank of Commerce, said he was quite hopeful that OBC, which had sought capital to fund business growth for 2017-18, would get some capital allocated in the next tranche.

He said that OBC had not sought any capital for 2016-17 for which allocations were announced today.

## UNITED FORUM OF BANK UNIONS - **UFBU**

**WE SAY 'NO' TO GOVT'S BANKING REFORMS**

**----- OUR DEMANDS -----**

**STRENGTHEN PUBLIC SECTOR BANKS**

**STOP PRIVATISATION OF IDBI BANK**

**HALT CONSOLIDATION AND MERGERS**

**ALL INDIA BANK STRIKE ON 29<sup>TH</sup> JULY, 2016**

**BY 10 LACS EMPLOYEES & OFFICERS OF PUBLIC SECTOR BANKS,  
OLD PRIVATE BANKS, FOREIGN BANKS, RRBs & CO-OP. BANKS**



# **AIBEA – AIBOA**



### **AIBEA This day – 20<sup>TH</sup> JULY :**

1956	Central Committee of AIBEA meets at Delhi
1964	Powerful Work-to-Rule Movement by AIBEA – Demanding direct Bipartite Settlement and no third party intervention

## **ALL INDIA BANK EMPLOYEES' ASSOCIATION**



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