



# ALL INDIA BANK EMPLOYEES' ASSOCIATION

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**AIBEA/GS/2016/39**

**6<sup>th</sup> April, 2016**

**Dr. Raghuram Rajan  
Governor  
Reserve Bank of India,  
Mumbai**

**Dear Mr Raghuram Rajan,**

We have come across in today's press and media about your viewpoints on problems in declaration of the names of the bank loan defaulters.

You will be aware that All India Bank Employees Association, the largest and oldest trade union of bank employees in our country, has been harping on the menace of increasing bad loans in the Banks for the past more than 25 years.

While AIBEA is not unaware that there would be cases of loan default due to genuine reasons, it has been our experience that high volume loan defaults have been developed into an exquisite art in our country. Otherwise how one can explain that when the loan is on default and the industry is sick, the industrialist continuous to be pretty rich and healthy.

The cases of genuine default of loan for reasons beyond the control of the borrower or industrialist is understandable and they are also not much in number. But the spurt in bad loans in the Banks in the last few years is alarmingly on the rise indicating something is basically wrong.

The figures are all in your fingertips but for the sake of record we mention it herein. Bad Loans in PSBs in post-reforms era:

<b>YEAR</b>	<b>Gross NPA Rs. In crores</b>
<b>1992-93</b>	<b>39,250</b>
<b>1993-94</b>	<b>41,040</b>
<b>1994-95</b>	<b>38,380</b>
<b>1995-96</b>	<b>41,660</b>
<b>1996-97</b>	<b>45,377</b>
<b>1997-98</b>	<b>45,653</b>
<b>1998-99</b>	<b>51,710</b>
<b>1999-2000</b>	<b>53,033</b>
<b>2000-01</b>	<b>54,672</b>
<b>2001-02</b>	<b>56,473</b>
<b>2002-03</b>	<b>54,090</b>
<b>2003-04</b>	<b>51,537</b>
<b>2004-05</b>	<b>48,399</b>
<b>2005-06</b>	<b>41,358</b>
<b>2006-07</b>	<b>38,968</b>
<b>2007-08</b>	<b>40,452</b>
<b>2008-09</b>	<b>44,957</b>
<b>2009-10</b>	<b>59,926</b>
<b>2010-11</b>	<b>74,600</b>
<b>2011-12</b>	<b>1,12,489</b>
<b>2012-13</b>	<b>1,64,462</b>
<b>2013-14</b>	<b>2,27,264</b>
<b>2014-15</b>	<b>2,78,874</b>
<b>31-12-2015</b>	<b>3,61,000</b>

There seems to be some clear method in this madness of bulging bad loans in the Banks.

We are unable to reconcile ourselves to the view that publication of the name of the defaulters would defame them or result in loss of business for them because in the case of education loan, jewel loan, tractor loan, etc. no such considerations are being shown for the common man who takes such a loan. Even for credit card loan repayment default, the people are being harassed. Recently, a borrower of tractor loan in Tamilnadu was beaten by police and a new generation private bank was involved in this. But only when it comes to industrialists, all soft options are being advocated. In fact they only need to be named and shamed.

We also agree that "There are a variety of reasons why a project gets into trouble" but even in such like cases where the Banks are not responsible for the same, they are forced to provide for it from the profits in the name of clean up and Banks are forced to show losses thus showing them poor light. Why RBI cannot recommend a scheme by which such loans are treated differently and the concerned provisions are funded by the Government. Why the Banks are made to bleed when they are not at fault for the general slowdown in the economy. We feel that RBI should think about it.

We fully agree with you that atleast the names of the willful defaulters can be publicly published. But we feel that RBI should take the lead. As you are well aware there are more than 5600 wilful defaulters who together owe more than Rs. 60,000 crores to the Bank. Let there be a beginning by RBI publishing these names.

From AIBEA, we have also been demanding that not only their names should be published but willful default should be defined as criminal offence and criminal action should be taken on these defaulters. But in many cases we find that such borrowers are able to manage restructuring of their loans and escape public notice.

RBI can also suggest to the Government to prohibit willful defaulters from contesting or holding public office.

Mr. Governor, we are of the strong view that in most of the cases involving the big ticket defaulters, there is lethargy, leniency and accommodation but when it comes to the common man, our experience is different. At least what is sauce for the goose must be for the gander too.

We highly appreciate your bold diagnostic statements on these issues but unless strong action is taken on the defaulters, this daylight robbery would continue.

We hope and trust that RBI, under your leadership, would do something in this regard.

Thanking you,

Yours sincerely



**C.H. VENKATACHALAM**  
**GENERAL SECRETARY**