



ALL INDIA BANK OFFICERS' ASSOCIATION(REGD)

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Hon'ble President of India
Government of India
NEW DELHI

Respected Sir,

**REG: ALARMING INCREASE OF BAD LOANS IN THE BANKING SYSTEM-
REMEDIAL ACTION TO BE INITIATED.**

On behalf of the citizen of our Nation and also as a conscious Trade Union of Officers, believing and practicing the avowed principles of "Nation First" "Institution second" and "individual Third" approaching you, as your are the First Citizen of our sovereign Nation and also majority stake holder in the Public Sector Banks, deem fit to place the facts before you for serious consideration. The details are as under:

1. Salient Features related to Banking system - Deposits + Advances

[a] Aggregate Deposits	Rs. 75,49,04,000 crores
[b] Aggregate Advances	Rs.57,89,92,000 crores
[c] Investments	Rs.22,32,24,000 crores

2. Increasing bad loans -Gross NPA

Rs. in crores

S No.	Bank	March 2012	March 2013
1	Allahabd Bank	2058	5137
2	Andhra Bank	1798	3714
3	Bank of India	5894	8765
4	Bank of Baroda	4465	7982
5	Bank of Maharashtra	1297	1138
6	Canara Bank	4032	6260
7	Central Bank of India	7273	8456
8	Corporation Bank	1274	2048
9	Dena Bank	956	1452
10	Indian Bank	1850	3565
11	Indian Overseas Bank	3920	6607

12	Oriental Bank of Commerce	3580	4183
13	Punjab National Bank	8719	13465
14	Punjab & Sind Bank	763	1536
15	Syndicate Bank	3183	2978
16	UCO Bank	4086	7130
17	Union Bank of India	5450	6314
18	United Bank of India	2176	2964
19	Vijaya Bank	1718	1532
	Nationalised Bank	64496	95233
20	State Bank of India	39676	51189
21	SBBJ	1651	2120
22	SBH	2007	3186
23	SBM	1503	2081
24	SBP	1888	2453
25	SBT	1489	1750
26	IDBI Bank	4551	6450
		1,17,262	1,64,461

3. First Four Bad Loan Borrowers in Public Sector Banks

Quantumwise Rs.in crores

	2009-10	2010-11	2011-12	2012-13
Gross NPA	59927	74664	117262	164461
In top 4 bad loans a/cs	8418	16957	17029	22666

4. Top NPA Accounts of Banks.

Rs. in crores

Banks	Gross NPA	Amt.	Top 30 A/cs _% Gross
Nationalised Banks	1,11,209		
		48406	43.50
SBI Group	71,620	15266	21.30
Public Sector Banks	1,82,829	63,672	34.83

5. Gross NPAs of above Rs.1 crore Number Accounts/Amount:

Rs. in crores

Bank	March 2010		March 2011		March 2012	
	A/cs	Amt.	A/c	Amt.	A/c	Amt
SBI	1262	8533	1527	11406	2419	23320
PNB	188	826	133	1803	709	5295
IDBI Bank	234	1598	371	2125	579	3682
Bank of India	350	2809	236	2522	507	4268
All other 23 PSBs	2065	12843	2322	16777	3081	31697

	4099	26629	4589	34633	7295	68262
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6. Profit earned and appropriated

Rs. In crores

Year	Operating Profit	Net Profit
31.03.2007	42406	20310
31.03.2008	49819	26591
31.03.2009	66604	34372
31.03.2010	76905	39257
31.03.2011	100065	44900
31.03.2012	112289	47483

7. Bad loans written off by the Banking system

Rs. in crores

Year	PSBs	Old PVT Banks	New Pvt. Banks	Foreign Banks	Total
2007	9189	610	1232	690	11621
2008	8019	724	1577	1334	11654
2009	6966	616	5063	3350	15995
2010	11185	884	6712	6238	25019
2011	17794	682	2336	3083	23895
2012	15551	671	3024	1646	20892
2013	27013	863	3487	855	32218
	95717	5050	23431	17096	141294

From the above it goes to establish that the hard earned savings of the peoples of our Nation is utilised to write off the bad loans in the Banks.

The following actions, considering the requirements of the various agencies, may please urgently be initiated to save the Public Sector Banking and also restore its health.

- [a] An external authority / committee with members of proven integrity and high moral standing should be entrusted with the responsibility of auditing the accounts of Public Sector Banks as at the close of 31.03.2014 within a fixed time schedule and the reports are to be submitted to you.*
- [b] Right from 1993, the Chairmen who are responsible to conduct the affairs should be made accountable for their dereliction of duties due to which the present situation has arisen.*

As per the practice in vogue, large loan proposals are considered by the committee consisting of General Manager's of the Bank. Hence, even the

proposals processed by the GM's committee often turned as a bad loans. It is relevant to quote, the RBI's observations on committee method of sanctioning loans should be done away with, as this did not hold any single individual accountable. The committee members should also be held accountable.

[c] *Together with Chairman, the Government representative and the RBI representative, who are expected to take care of the affairs of the Public Sector Banks should also be made accountable for their failure to check the deviations during their tenure as the member of the Board.*

[d] *Urgent steps are to be initiated to declare the defaulters who have sufficient resources to clear the dues of the Bank and still not cleared the loan as wilful defaulters under criminal procedure code. Criminal procedure code/Indian Penal code should be suitably amended to define the "wilful defaulters" of the Bank loan including the diversion of Banks funds utilised for the purpose "other than the one" for which it was availed. It should be treated as "criminal act" with consequent punishment.*

In case of the Limited companies / corporates, full time or part time directors are also to be prohibited to contest the elections in the event of the said Limited company have failed to clear the loan availed from the Public Sector Banks.

CEO/promotee Director of the defaulting company should not be a Director in any other company. To give effect the company law should be suitably amended.

[e] *The bank defaulters should be prohibited to contest the elections at all levels and appropriate amendments in the "People's representation Act 1951" should also be made prohibiting them to participate in the election process.*

[f] *Any individual holding the position in the Government and he has not paid the bank dues, they should be directed to relinquish the office immediately and simultaneously clear the loans too.*

Officers, who are holding the office of profit should declare their availment of loan in their yearly statement, failing which, the same should be treated as a misconduct under the specified rules of the Government.

Banks shall have the first charge on the immovable property viz. land and building over the other agencies. Then Professionals who are involved in the loan processing [ie] C.A., Lawyers and Certified Valuers are also appropriately to be dealt with.

Indian Banks' Association should meticulously publish the caution list bi-monthly for the benefit of member Banks.

[g] If an individual in any capacity is a loan defaulter, then he should be disentitled to draw any concession / subsidy of any nature, which is also applicable to senior citizens.

[i] The entire Banking system should have the "Banking Audit Commission" on the lines of "CAG" to make the people responsible to conduct the affairs of the Banks and the report should be placed before the Parliament.

Our Banking system has weathered away "2008 global meltdown" and Public Sector Banks are nation building instruments hence it is to be promoted, preserved and protected from the use, abuse and misuse by the people at the helm of affairs.

The list of bad loan borrowers of the Banking system is also sent herewith for your ready reference and doing the needful.

Please acknowledge receipt.

Yours faithfully,

*/S.NAGARAJAN/
/GENERAL SECRETARY/*