



IBOA CONNECT



All India Indian Bank Officers' Association

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STOP PRIVATIZATION - SAVE PSBs

Comrade,

As we expected, in the name of reforms, Government in the Budget announced Privatization of 2 Public Sector Banks without divulging the Banks Name. Since programmes of LPG started to roll out 3 decades ago, many reforms were implemented starting from allowing the opening of Private Banks, disinvestment of Government equities in public sector banks, opening of Small Finance Banks and Payment Banks, Stop posting of workmen and Non workmen directors in the Bank Boards, Formation of Banks Board Bureau, Merger of Public sectors Banks and now privatization of public sector banks.

Successive Government at the center, unleashed privatization in all sectors viz., telecom, aviation, Insurance, Power, Refineries by not providing the support for their expansion to give great push to the Private players in that sectors. The Government's indifference in approach led PSU's to their natural death.

In the case of Public Sector Banks, the Government wants to privatize them for the reason of incurring losses which is primarily due to Government policies forcing the PSBs to lend to the infrastructure projects and to Big Corporates. The Government not only refused to take the responsibility for PSBs debacle but also passing the blame on PSBs as mismanaged and poorly performed. The general people confidence and faith on PSBs are innate and natural. This faith and confidence are eye soar for the reform advocates. The corporates seriously want to destroy this public faith on PSBs to provide further flip to the private sector banks and this can be possible only by privatizing the Public Sector Banks.

The final attack started on PSBs by denationalizing them which will result in depriving the banking services to the general public and worsening the service and working conditions for its workforce. The Banks were nationalized for providing banking services to the common people and this is even now possible only through Public Sector Banks and common people could not bank with Private Sector Banks. Hence privatizing the PSBs will lead to the situations of pre nationalization. Thus we appeal to the rank and file to prepare for a final struggle with the rulers for the interest of country, interest of the people and interest of our own comrades. Through many struggles we have retained the public sector character of the banks and through great effort we have improved our service and working conditions. We vow that we will not allow any power to dismantle the Public Sector character of PSBs.

March on! March on! Struggle Ahead March on!

Yours Comradely

R Sekaran
Secretary General

March on to
2 Days strike on
15th and 16th
March, 2021.

AIBOC 12th TRIENNIAL GENERAL COUNCIL

It can happen only in Kolkata! When the whole country is literally tethered by the ramifications of the deadly pandemic, the jubilancy and passion for trade unionism was vivid and conspicuous at Kolkata, the 'City of Joy', where our fraternity cherishes the legacy of struggles for the working class in the country. Nearly a thousand officers across the length and breadth of the country descended at Com S R Sengupta Nagar (Kolkata) and thronged Com A K Jana Mancha (EZCC), to attend the 12th Triennial General Council of AIBOC.

2. The open session of the General Council was preceded by a vibrant procession. The Grand Street near the venue at Sec-III, Salt Lake wore a festive look as nearly 2000 officers hit the streets, accompanied by a bike rally ahead holding colourful placards showcasing the concerns and demands of AIBOC. Despite exuberance and fervour, our comrades maintained discipline and observed 'social distancing' throughout the rally. "AIBOC March On" – reverberated thorough out the entire span alluring the attention of

Amar Pal, Com Harvinder Singh, Com D T Franco, Com Dilip Saha, Com Debasis Ghosh and other senior leaders to join in hoisting the AIBOC flag. The flag was hoisted amidst thunderous slogans of hundreds of delegates. The leaders thereafter offered floral tributes to the INA Martyr's column. Hundreds of red and white gas balloons were released which had the AIBOC logo.

Inaugural session

3. The programme started with an audio-visual presentation on the journey of the 8th Joint Note projecting the activities of AIBOC during the triennial. The video encapsulated the pious social responsibility displayed by the AIBOC and its affiliates all over the country at times of crisis – floods, cyclones, Covid, health care and how the financial army confronted the odds while discharging their responsibility in keeping the wheels of the Indian economy in motion. It was followed by a mellifluous musical rendition performed by 'Srijan', the cultural wing of SBI Officers' Association, an affiliate of the State unit, which was a collage of patriotic and revolutionary



all. Paying rich tributes to the doyens, the city was rechristened as Com S.R. Sen Gupta Nagar and the venue as Com A K Jana Mancha, Com Sunil Kumar, President and the undersigned requested the veteran comrades K D Kheda, Com

songs. The anchors of the program, Com Jyothi KP and Com Saurabh Upadhyay proceeded to the call the dignitaries on stage starting with 'Joint Convenors' of the reception committee Com Shubhajyoti Chattopadhyay, President and

Com Sanjay Das, Secretary, AIBOC West Bengal State Unit welcomed the leaders on stage. Instead of flower bouquets, the organisers had arranged 'saplings' to be offered to all the dignitaries as a part of the 'Go Green' initiative. After lighting of the ceremonial lamp, the dignitaries paid floral tributes and respects to Netaji Subhas Chandra Bose on the



occasion of 125th Birth Anniversary of the great patriot. Floral tributes were also offered to the portraits of Com S R Sengupta and Com A K Jana. The dais for the inaugural session was graced by the presence of 'Guests of Honour' Dr. Prasenjit Bose, eminent Economist; Shri Nagarajan S – General Secretary (AIBOA); Shri Prem Kumar Makker, General Secretary (INBOC); Shri Viraj V Tikekar, General Secretary (NOBO) and Shri Suprita Sarkar, General Secretary (AIBPARC).

Com S Roy Choudhury, Com Dilip Saha – Advisors; Com Sanjay Manjrekar, Com Murali Soundararajan T, Com Deepak Kumar Sharma, Com Rupam Roy - Sr Vice Presidents; Com Shubhajyoti Chattopadhyay, President and Com Sanjay Das, Secretary of AIBOC WB State Unit and Com Sunil Kumar, President AIBOC and the undersigned, the General Secretary of the Confederation were also seated on the dais.

4. Chief Guest and Inaugurator of the Triennial General Council Shri Raj Kiran Rai G, Chairman of the IBA, joined the inaugural session through the virtual platform since he could not make it to Kolkata due to sudden flight cancellation at the last moment. During his inaugural address, he paid tribute to Netaji Subhas Chandra Bose and then touched upon various issues confronting the banking industry like digital transformation in the country, role in nurturing human capital, disruptive technology, amalgamation of banks retaining the best of the systems, employees getting best of the benefits, relentless struggle and contribution of bankers during the COVID times even, at their own peril. He congratulated the leaders for their maturity, prudence and perseverance in successfully concluding the

wage revision at the times of a dire crisis like COVID. He praised the yeoman service extended by the bankers. He extolled the involvement and dedication of trade unions and commented that the trade unions were the safety net for the youngsters, and the trade unions infuse and impart huge confidence in them. He was also happy that the integration at trade union level is also well taken care of. He lauded and appreciated the contribution of Com Sunil Kumar and the undersigned for their prudence and patience that paved way for the successful wage revision. He also praised the Associations for taking up uniform staff accountability policy and informed the gathering that the report of committee in that regard was expected shortly. He opined that the same will instill tremendous confidence in the young generation officers in delivering their duties as a banker especially in the credit portfolio. He wished the conference a grand success.

5. Com Sunil Kumar, President, accorded a warm welcome to all the guests, yesteryear leaders and the delegates, who had assembled from the length and breadth of the country. He briefed the gathering on the programs and informed that the next two days' business session would actively deliberate on the road map ahead. He expressed his gratitude and contentment that four officers' organisations, who were instrumental in clinching the historic 8th Joint Note again congregated on the same platform and, in the days to come, would definitely succeed in consolidating the platform. He summoned the cadre to be ready to throng the street, to protest against the vicious policy attacks on bankers, as the social media campaign alone would never yield results.

6. The undersigned during his welcome address started his deliberation with an opening note, that AIBOC manifested the intent to encourage the women and the youth, who were metaphorically nominated as the anchors of the program. He enunciated the journey of trade unions for the 8th Joint Note, Morchas, social responsibilities, organisational activities undertaken during the triennial, and thanked the delegates who were a part of the conference, hailing from Aizawl to Ahmedabad and from Kashmir to Kanyakumari. He stressed upon the need for the unity of officers' organisations as banking was an 'Officer-driven industry'. He recalled how a rock-solid unity was forged among the four officers' organisations, the other three being AIBOA, INBOC, and NOBO. Recognising and lauding the role played by them and their strong bonding during the recent wage revision, they had been invited as the "Guests of honour" to felicitate them for the contribution in clinching the benefit to the officers' fraternity on completion of the signing of the 8th Joint Note. He said that this formidable combination would demonstrate the unity of our organisations to the whole country. He also recollected the successful conduct of the Global Banking Trade Union Convention, Women and Youth Conventions convened by AIBOC, which were unique. He reminisced the contribution of the yesteryear leaders who built the edifice of AIBOC through their sacrifice, blood, toil and sweat. He acknowledged the colossal contribution of all former Presidents and General Secretaries, who were present in the auditorium viz. Com K D Kheda, Amar Pal, P K Sarkar, Harvinder Singh, D T Franco, Dilip Saha and Debasis Ghosh. He also placed before the august gathering, the involvement and contribution of the Presidents and General Secretaries of various affiliates, some of who have since been merged. He placed on record the appreciation for the role played by Shri Alok Kumar Choudhary, Deputy Managing Director, State Bank of India, who was the Chairman of the working group for officers' in the wage revision. He said that the organisers of the Triennial General Council also encouraged the shunning of plastics and informed the house

that the welcome kits for the delegates were made from Jute and Khadi, which had once been the premier industry in the State. The items were prepared by an NGO, "Calcutta Social Project", who engaged downtrodden, oppressed, estranged women and slum dwellers to work to make them financially independent. Subsequently, the chief functionaries of Calcutta Social Project Shri Arjun Dutta and Smt Barsha Mukherjee were felicitated.

He expressed his sincere gratitude to the State Committee, extending his warm regards to Com Shubhajyoti Chattopadhyay and Com Sanjay Das and their vibrant Team for their dedicated and untiring effort in conducting the Triennial. He reminded the delegates of the present turbulence, and proclaimed that a new course had to be chartered for our existence. He also conveyed that farmers had demonstrated the entire nation how to make the government blink in the face of democratic resistance. He concluded that resistance has to be put up against the ill-conceived reforms democratically and diplomatically involving the common man to save the public sector banks.

Address by Guests of Honour

7. Shri Nagarajan S, General Secretary, AIBOA: In his address, he touched upon how the wage revision was concluded, the hurdles faced and deliberated on how the officer's organisations surmounted them. He also touched upon the ill effects of digitalisation, Artificial Intelligence, recession, unemployment, wilful corporate defaulters, write-off, impact on wage revision and also on the denial of benefits. He lauded the role played by the AIBOC leadership, in particular that of Com Sunil Kumar and the undersigned in the wage revision. He unequivocally stated that AIBOA will continue supporting and a strong-willed and focused fight need to be put up to thwart future challenges.

8. Shri Prem Kumar Makker, General Secretary, INBOC: In his address stated that he was proud to participate in the session and the Conference which coincided with the 125th birth anniversary of Netaji Subhas Chandra Bose being held in

Kolkata, the cradle of trade union movement in the country. He appreciated the role of AIBOC and also lauded the perseverance of Com Sunil Kumar and the undersigned to arrive at the finest settlement even under the present circumstances. He touched upon the ill effects of privatisation and appreciated the present alignment of four officers' organisations. He felicitated Com Sunil Kumar, President, who was attaining superannuation at the end of the month.

9. Shri Viraj V Tikekar, NOBO: In his address appreciated the synergy of four officers' organisations. Drawing inspiration from the quotes of Rabindranath Tagore, Netaji, Swami Vivekananda, he stated that we needed to get into action and come out of the comfort zone. He appreciated the AIBOC's vision and mission. He also expressed his views that AIBOC could deliberate in getting associated with a Central Trade Union.

10. Dr Prasenjit Bose, Economic researcher and social worker: In his thought-provoking address touched upon various aspects of banking, economic, recession, and the way the PSBs supported the nation in coming out of the economic rundown. He expressed a note of dissent on the views expressed by IBA Chairman, in his address. He said that the share of PSB has been coming down, and it is staging a managed affair of the government to send PSBs to oblivion. He cautioned that the NPA was expected to rise to 16% by September 2021 which was due to the "Riskless Capitalism". He praised the PSBs and said that today's infrastructure development what our country achieved, from Airports to Roads to Ports was the contribution of PSBs. Capitalists were availing credit from PSBs, but were diverting the funds, siphoning off from the system ultimately contributing to the burgeoning NPAs. Insolvency and Bankruptcy Code / NCLT introduced by the Government had not been helpful as it was focused more on write off of bad debts rather than concentrating in its recovery. No details were available as to know who were the corporates being favoured in the 'haircut' exercises. He said that the trade

unions, customers and the common man must join hands to protect the system and save the economy.

11. Com Suprita Sarkar, General Secretary, AIBPARC: In his address recollected the constitution of AIBOC and said that it had always been a right path and choice for the officers' community. He lauded the wage revision led by AIBOC under the present circumstances, for all cadres up to TEGSVII and also for the upgradation of family pension. He also praised AIBOC for the integration of Associations post-merger of PSBs. He also urged upon the leadership to strive to achieve pension updation. He assured that AIBPARC will stand by AIBOC and wished the conference be an astounding success.

Felicitations of yesteryear leaders

12. Continuing the legacy of felicitating the past Presidents and General Secretaries of AIBOC, Com K D Kheda, Com Amar Pal, Com P K Sarkar, Com Harvinder Singh, Com DT Franco, Com Dilip Saha, Com Debasis Ghosh, were called on stage and felicitated by Com Sunil Kumar and the undersigned amidst rousing applause which resonated throughout the auditorium.

Former Presidents and General Secretaries of affiliates, who had superannuated after the last Triennial at Jaipur were also felicitated to acknowledge their contribution as well as to their affiliate in strengthening AIBOC. The leaders felicitated were Com G Subramanyam, Com Ramkumar Sabapathy, Com Ravinder Gupta, Com Sambit Misra (AISBOF), Com Madhusudana B N (FBOIOA), Com Rajendran K and Com Jyotirmoy Roy (AIIBOA), Com SK Bhattacharya, Com Makhija (AIRRBOF), Com Rajendra Bhavsar (AIDBOF), Com Prakash Karotia (SBOA), Com N Pradeep Kumar (AIABOF).

Book release – Compendium of Joint Notes

13. On behalf of All India Allahabad Bank Officers' Association (AIABOA), Com Biswa Ranjan Ray, President and Com Anand Rao P, General Secretary were invited on stage to join the dignitaries in releasing a Compendium of

Joint Notes signed till date. The entire house appreciated the commendable effort of AIABOA.

14. AIBOC President, while delivering his concluding note recollected the contribution of all the yesteryear leaders, efforts of the State Unit, views of the guests of honour and called upon Com Murali Soundararajan to propose the 'Vote of Thanks'.

Com Murali Soundararajan thanked Shri Raj Kiran Rai G, Chairman, IBA in his absentia, lauded the excellent address of Dr. Prasenjit Bose along with the other guests and appreciated the effort of the Joint convenors of the reception committee. He also complimented the efforts of AIBOC, WB State Unit for the immaculate precision in organising the conference during critical time of pandemic.

Business Session – 24th and 25th January

15. President, Com Sunil Kumar welcomed the gathering, and requested the undersigned to present the Report and Statement of Accounts. He also praised the AIBOC Secretariat for the flawless arrangements and also for issuing the photo-ID card for all delegates, guests which will be memorabilia of the 12th Triennial. He called upon the house to discuss and restrict the deliberations to the General Secretary's Report and Statement of Accounts.

16. The undersigned while placing the report expressed regret for some factual errors due to oversight. A paragraph was also incorporated on the contribution of Com Dilip Saha, former President, and an annexure on the functioning of AIUBOF and Kerala State Committee.

17. House responded to the Report of the General Secretary with applause, slogans and appreciations. More than 50 delegates deliberated on their viewpoints/suggestions. The extract of the deliberations shall be summed up under the following points.

- Women empowerment; Leave Encashment - Maternity Leave - Sabbatical Leave; Day care; Encouraging more participation of women in trade union movement - Child Care Leave

– constraints faced by women donning Multiple Roles

- Regulatory working hours to balanced working hours, 5 Day Banking, 1995 Pension Regulations – 2nd Option - VRS/Resignees not made eligible.
- Media Cell - Revamping and widening of activities.
- Formation of an exclusive IT cell.
- New Pension Scheme–consequences and need of more efforts to scrap NPS.
- Uniform to be demanded to officers to identify financial army.
- COVID – corona warriors; assault and humiliation of bankers.
- Uniform staff accountability policy for all PSBs.
- Menace of Cross Selling and its impact on NPA.
- Recruitment of award staff.
- Digitalisation and possible job loss.
- Communication in regional languages to educate common man.
- Charge sheets based on non-performance.
- MIFI – Movement for India's Financial Independence – efforts to continue the awareness on need of Financial Independence amongst the public.
- Need to defeat the threat of Bank wise wage settlement.
- Appointment of Non-Workmen Director in Banks' Boards.
- Financial Resolution and Deposit Insurance Bill
- Apprentice recruitment to be stopped
- Threat of Disinvestment
- Stop conducting of Lok Adalat on Second and Fourth Saturday
- RRB OSR – threatening on parameter-based performance.
- Sponsored bank association should give representation to office bearers of RRB in their EC.
- Demand for merger of Special Pay
- Upholding the dignity of Officers.



said that any other suggestions could also be emailed to AIBOC secretariat, which would be beneficial to refine the future course of action.

19. The house approved the General Secretary's Report and the Statement of Accounts with huge applause and slogans. House also adopted the amendments to the By-Laws proposed to the Constitution of AIBOC and the Resolutions.

- Outsourcing and appointment of consultants.
- Consultants issuing circular in banks
- Disciplinary action taken during COVID time
- AIBOC to rethink on continuing with the UFBU
- Tax benefits on Gratuity/Leave Encashment on the lines of Government
- To induct youth and women in key posts
- Central record keeping system in AIBOC -Identity card for all members
- Staff accountability policy
- OSR revision
- Self-leasing
- Stagnation increments
- Threat of Cyber crime
- AIBOC to continue to be apolitical
- Medical expenditure reimbursement

18. General Secretary replied to the deliberations/ views/points raised. He said that most of the issues raised have been threadbare discussed in the General Secretary's Report. He detailed/ clarified the issues like women empowerment, encouraging youth and women in trade union, aspects connected with 8th Joint Note, issues had been flagged and forwarded to IBA, strengthening of the social media team. He also shared his views on the Cadre development programmes, action initiated on cross selling/ third party products, Uniform Accounting Policy/ effects of punishment etc. He said that each of the view/suggestion had been noted. He also

Elections of the office bearers for the next term 2021-2023

20. Shri Harvinder Singh and Shri Sunil Bansal were nominated as Returning Officers and was assisted by two young delegates. In the election process held to elect the office bearers for the term 2021-23, the house unanimously elected Com T Murali Soundararajan as the President and Com Soumya Datta as the General Secretary. The affiliates were advised to submit their nominations to different posts as per the amendments of the by-laws approved.

Com Sunil Kumar, President – felicitated

21. Com Sunil Kumar, who will be demitting office on superannuation on 31.01.2021 was accorded an emotional felicitation. He was felicitated by the President-elect and the undersigned. The undersigned profusely acclaimed his contribution to the trade union movement in general and AIBOC in particular. He time and again recollected the stellar role played by him during the times of crisis and during the wage revision. The entire house gave a standing ovation to Com Sunil Kumar. While acknowledging the felicitation Com Sunil Kumar said that he had tried to do his best and will continue to strengthen AIBOC and render his wholehearted support to the undersigned.

The 12th Triennial General Council of All India Bank Officers Confederation culminated with a vote of thanks extended by Com Murali Soundararajan followed by rendition of the National Anthem.

BAD BANK

Context: With commercial banks set to witness a spike in NPAs, or bad loans, in the wake of the contraction in the economy as a result of the Covid-19 pandemic, Reserve Bank of India (RBI) Governor Shaktikanta Das recently agreed to look at the proposal for the creation of a bad bank.

What's a bad bank and how does it work?

- **Idea of Bad Bank:** Technically, a bad bank is an asset reconstruction company (ARC) or an asset management company that takes over the bad loans of commercial banks, manages them and finally recovers the money over a period of time.
- **Utility of Bad Bank:** The bad bank is not involved in lending and taking deposits, but helps commercial banks clean up their balance sheets and resolve bad loans in
- **Working of Bad Bank:** The takeover of bad loans is normally below the book value of the loan (provides certain margin to ARC). The bad bank subsequently tries to recover as much as possible using its expertise in stressed asset resolution.
- **Support of Government:** The bad bank concept is in some ways similar to an ARC but is funded by the government initially, with banks and other investors co-investing in due course. The presence of the government is seen as a means to speed up the clean-up process.
- US-based Mellon Bank created the first bad bank in 1988.

Merits of Having Bad Bank–

1. **Banks' Burden is Reduced:** The burden of recovering those loans is reduced for other banks.
2. **Specialisation leads to faster recovery:** Speed of recovery will be better

as Bad Bank's main work is recovery and they are specialised in that.

3. **Positive Impact on Financial Sector:** Bad Bank will help improve the banking sector's health and fasten the recovery aspects of ailing by putting back frozen assets back into economic circulation.
4. **Increased Profitability of Banks:** Bad Bank increases profitability of other banks as they can focus more on lending, acquiring more customers and upgrading technology without spending too much time on recovery or resolution of bad loans
5. **Feasibility:** Bad banks can make profits as they usually keep high margin before acquiring the bad loans. The concept of Bad Bank has been implemented in other countries including Sweden, Finland, France and Germany.

Demerits of Bad Bank-

1. **Shifting of Problem:** Former RBI Governor Raghuram Rajan had opposed the idea of setting up a bad bank in which banks hold a majority stake. He was of the opinion that bad bank idea as merely shifting loans from one government pocket (the public sector banks) to another (the bad bank).
2. **Reckless Lending:** Other banks may not concentrate on the quality of loans as they always an option of shifting bad loans to ARC/ Bad Bank. This leads to doling out loans without proper diligence leading to reckless lending
3. **Efficacy Debate:** Bad banks may not acquire critical loans which are difficult to recover and only concentrate on easily recoverable loans. As a result, troubled Commercial banks continue to face the issue of bad

loans. There is also the fear that it end up as another case of throwing good money after bad.

4. Profitability of Banks: High margin of Bad banks may curtail the profits of other banks which can in turn impact their lending capabilities.

5. Moral Issues: Due to pressure bad banks may employ some unethical ways to recover loans. Another issue is that other banks may not show the actual position of loan accounts by doing window dressing.

What has been the stand of the RBI with regard to resolving stressed loans?

- Viral Acharya, when he was the RBI Deputy Governor, had said it would be better to limit the objective of these asset management companies to the orderly resolution of stressed assets, followed by a graceful exit.
- Acharya suggested **two models to solve the problem of stressed assets**.
 - The first is a private asset management company (PAMC), which is said to be suitable for stressed sectors where the assets are likely to have an economic value in the short run, with moderate levels of debt forgiveness.
 - The second model is the National Asset Management Company (NAMC), which would be necessary for sectors where the problem is not just one of excess capacity but possibly also of economically unviable assets in the short to medium terms.
- While the RBI did not show much enthusiasm about a bad bank all these years, there are signs that it can look at the idea now. Recently, Governor Das indicated that the RBI can consider the idea of a bad bank.

Do we need a Bad Bank now?

- The idea gained currency during Raghuram Rajan's tenure as RBI Governor.

- The RBI had then initiated an **asset quality review (AQR)** of banks and found that several banks had suppressed or hidden bad loans to show a healthy balance sheet.
- However, the idea remained on paper amid **lack of consensus on the efficacy** of such an institution.
- Now, with the **pandemic hitting the banking sector**, the RBI fears a spike in bad loans in the wake of a six-month moratorium it has announced to tackle the economic slowdown.

How serious is the NPA issue in the wake of the pandemic?

- The RBI noted in its recent Financial Stability Report that the gross NPAs of the banking sector are expected to shoot up to 14.8% of advances by September 2021, from 7.5% in September 2020
- Among bank groups, the NPA ratio of PSU banks, which was 9.7% in September 2020, may increase to 16.2% by September 2021 under the baseline scenario.
- The **K V Kamath Committee**, which helped the RBI with designing a one-time restructuring scheme, also noted that corporate sector debt worth Rs 15.52 lakh crore has come under stress after Covid-19 hit India, while another Rs 22.20 lakh crore was already under stress before the pandemic.
- This effectively means Rs 37.72 crore (72% of the banking sector debt to industry) remains under stress. This is almost 37% of the total non-food bank credit.
- The panel led by Kamath, a veteran banker, has said companies in sectors such as retail trade, wholesale trade, roads and textiles are facing stress. Sectors that have been under stress pre-Covid include NBFCs, power, steel, real estate and construction. Setting up a bad bank is seen as crucial against this backdrop

Why is it crucial to tackle toxic loans?

- Banks and other financial institutions are the key drivers of economic growth, as they are the formal channels of credit.
- As things stand, lenders, particularly the state-owned ones, are saddled with massive bad loans.
- Growing NPAs has made Banks risk-averse and eroded their capacity to lend to help spur economic recovery from the shock of the covid-19 pandemic that has roiled the world.
- Banks will find it tough and exorbitantly expensive to raise capital from the market if the asset-quality trajectory remains uncertain, delaying and even jeopardizing, economic growth.

Has the banking system made any proposal with regard to Bad Bank?

- The banking sector, led by the **Indian Banks' Association**, had submitted a proposal in May 2020 for setting up a bad bank to resolve the NPA problem, proposing equity contribution from the government and banks.
- The proposal was also discussed at the **Financial Stability and Development Council** (FSDC) meeting, but it did not find favour with the government which preferred a market-led resolution process.
- The banking industry's proposal was based on an idea proposed by a panel on faster resolution of stressed assets in public sector banks headed by former Punjab National Bank Chairman Sunil Mehta.
- **Sunil Mehta panel** had proposed a company, Sashakt India Asset Management, for resolving large bad loans two years ago.
- The idea of a bad bank was discussed in 2018 too, but it never took shape.
- During the pandemic, banks and India Inc

were also pitching for one-time restructuring of loans and NPA reclassification norms from 90 days to 180 days as relief measures to tackle the impact of the lockdown and the slowdown in the economy.

- Currently, loans in which the borrower fails to pay principal and/or interest charges within 90 days are classified as NPAs and provisioning is made accordingly.

Will a bad bank solve the problem of NPAs?

- **Complements Previous Measures:** Despite a series of measures by the RBI for better recognition and provisioning against NPAs, as well as massive doses of capitalisation of public sector banks by the government, the problem of NPAs continues in the banking sector, especially among the weaker banks. Having a Bad Bank will complement other measures taken by RBI & government to clean up banking sector.
- **Helps solve economic aftershocks of Pandemic:** As the Covid-related stress pans out in the coming months, proponents of the concept feel that a professionally-run bad bank, funded by the private lenders and supported the government, can be an effective mechanism to deal with NPAs.
- **Experience from Other Countries:** Many other countries had set up institutional mechanisms such as the Troubled Asset Relief Programme (TARP) in the US to deal with a problem of stress in the financial system in the wake of 2008 financial crisis.

Conclusion

Banks and other financial institutions are the key drivers of economic growth. However, many borrowers may find it difficult to service their loans, requiring lenders to set aside capital to cover those losses. A bad bank can free them up to start lending. However, adequate measures need to be put in place so as to overcome the pitfalls of bad bank.

Retirements

Sl.No.	NAME	DESIGNATION	BRANCH
1	COM MUDELA PRABHAKARA REDDY	ZONAL MANAGER	ZO:TIRUPATHI
2	COM RAVICHANDRAN A R	ASST. GEN MANAGER	CORP. OFFICE
3	COM NAGARAJAN S V	ASST. GEN MANAGER	ATM SERVICE CEN
4	COM MUTHUKUMAR S	SENIOR MANAGER	CORP. OFFICE
5	COM RATHOD GOVINDBHAI DAHYABH	SENIOR MANAGER	BARODA
6	COM PREMA KUMAR A	SENIOR MANAGER	ZO:COIMBATORE
7	COM NIRMAL KUMAR SINGH	SENIOR MANAGER	ZO:PATNA
8	COM AKHIL ROY	MANAGER	COOCHBEHAR
9	COM RAMKISHOR CHAKRAVERTI	MANAGER	RAVINDRAPURI
10	COM BORRA RATNA RAJU	MANAGER	KONGAREDDIPALLI
11	COM MOHAN N	MANAGER	TIRUVARUR
12	COM DEVARAJAN P	MANAGER	ZO:CHENNAI(N)
13	COM PANCHANANAMALLICK	MANAGER	DANPUR
14	COM DHRUBAJYOTI KAR	ASST. MANAGER	KARIMGANJ
15	COM SATYENDU SARKHEL	ASST. MANAGER	KOLKATA ZONAL S
16	VELPURI THRI MURTHY	ASST. MANAGER	TADEPALLIGUDEM

*AIIBOA Wishes the above Comrades a Very Happy,
Healthy and Peaceful Retired Life.*

WEDDING BELLS

Selvi **R Madhura**

(Daughter of Com. G Ramachandran, Retd Manager)

Married to

Selvan **S Padma Prakash**

At Chennai on 25.01.21

Selvan **Dr. P Rupesh, MPT**

(S/o Com. Perooru Ramesh, Retd Senior Manager)

Married to

Selvi **B Jalamanasa, B.COM, ICWA**

At Chennai on 27.01.21

Noor-E-Nazar **M. Ahamed Althaff, B.com., M.B.A.,**

(Manager – Indian Bank)

Married to

Noor-E-Chesmi **J. Nilofer, BSc., B.L.,**

At Tirunelveli on 31.01.21

Selvan **Chandrasekaran. M.E.,**

(S/o. Mr. R Muthiah, DGM (Retd))

Married to

Selvi **Lakshmi Priya B.Com., ACA.,**

At Devakottai on 03 02 21

Selvan **R Akilan, B.E., M.S(USA)**

(S/o K Rajendran, M.Sc, CAIB, Asst General Manager)

Married to

Selvi **K Sangeetha, B.E.,**

At Chennai on 03.02.21

***AIIBOA Wishes a Very Happy
Married Life to the Newly Wedded Couple.***