

ALL INDIA BANK OFFICERS' CONFEDERATION

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PRESS RELEASE

DISTINGUISH BETWEEN GENUINE BUSINESS FAILURES AND WILFULL DEFAULTS BEFORE RESCUE OPERATIONS

In an effort to rejuvenate three crucial infrastructure sectors – steel, power and shipping - the Government has directed the PSBs to take over some of these stressed assets(through converting the debt into equity) and hand these entities over to established public sector undertakings for an interim period. This appears only a beginning and it is likely that more sectors will witness such rescue missions. While the move of the Government is intended towards cleansing the Balance Sheets of the PSBs, the Government shall not let the failed borrowers, go scot-free.

AIBOC, the largest supervisory cadre union, demands:

1. Before any such handing over of the stressed entities to the PSUs, the top honchos in these failed companies should be made responsible for their misdeeds in these units. Identification of wilful default, diversion of funds and misuse of authority with ulterior motives, if any, must be ascertained and suitable action should be initiated against the perpetrators.
2. The promoters and Directors of the taken over companies (where willful default, diversion of funds and misuse of authority are established) should be debarred from holding public office, public borrowing and becoming Directors in other companies intending to raise public money.
3. Ministry, lender banks and the PSUs intending to take over these units shall exercise caution not to let these companies/promoters/Directors resort to unscrupulous acts to profiteer in the process.

The proposal of the Finance Ministry goes to prove the established capitalistic economic practice – “Nationalise the losses and Privatise the profits.” When private sector bleeds beyond rescuable state, they are imposed on PSUs/PSBs. AIBOC has continuously been opposing the designs of the Government to privatise the PSBs and PSUs.

The present initiative of the Government re-establishes the Indian economic experience of the need and importance of the Public Sector to save the country and the economy from catastrophes.

(HARVINDER SINGH)
GENERAL SECRETARY