

ALL INDIA BANK OFFICERS' CONFEDERATION



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To All Affiliates (Please Circulate)

Dear Comrade,

UNAVAILABILITY OF UPDATED DATA ON THE BANKING SECTOR

We reproduce hereunder our letter No. AIBOC/2018/67 dated 01.09.2018 addressed to the Governor, Reserve Bank of India, on the captioned subject for your information.

With greetings,

(SoumyaDatta)
General Secretary

Text of AIBOC Letter No.2018/67 dated 01.09.2018

The Governor
Reserve Bank of India
ShahidBhagat Singh Marg
Mumbai – 400001.

Dear Sir,

UNAVAILABILITY OF UPDATED DATA ON THE BANKING SECTOR

At the outset, the undersigned wishes to submit this representation to your good office in the capacity of General Secretary of All India Bank Officers' Confederation(AIBOC), the apex organisation of supervisory cadre having a membership of over 3,20,000 officers working in various Banks of the country.

2. Sir, in terms of the RBI Schemes for disclosure of information regarding borrowers of banks and financial institutions, it has been put in place by the RBI to circulate among banks and FIs names of defaulting borrowers, who have defaulted in their dues to lending institutions (Banks and FIs) above a threshold limit. The main purpose of the scheme was to disseminate information about the names of the defaulting borrowers with a view to alert the Banks and FIs and put them on guard against such borrowers while considering on merits request for fresh or additional credit limits by new and existing constituents and also to make public the names of the borrowers, who have defaulted and against whom suits have been filed by banks/FIs.

3. The scheme was welcomed by all and the Banks/FIs have benefitted immensely on utilising the data made available by the RBI in their relative site every year. But we note with concern that data pertaining to March 2018 is yet to be uploaded by RBI creating impediment to all stake holders in arriving at an informed credit decision.

4. NPAs in Public Sector banks is said to have increased substantially between March 2015 and March 2018. Against this back drop, containing NPAs through hard and soft measures has become most important action point for all the stake holders for which availability of data is very crucial. However, the Financial Stability Report released by RBI on 26th June 2018 has indicated growth rates and ratios for the financial year 2017-18 without providing Bank-wise actual data. This has created confusion and frustration amongst all the users. As the names of the defaulting borrowers as on March 2018 are yet to

be available in the RBI website, the Bank officials working in the credit department(s) in particular, are facing colossal problems in taking guard against defaulting borrowers while considering new credit proposals or enhancement of existing limits of borrowers. In the recent past, there has been a lot of news both in the print and electronic media pertaining to Banks/FIs NPAs quoting data for March 2018 sourced from the RBI or Parliament questions and answers. The absence of official dissemination of such data through the RBI website, the veracity of the same cannot be ascertained.

5. RBI has consistently refused to divulge information on the individual and corporate defaulters, because of whom humongous amount of bad loans have accumulated in the banking system. While section 45E of the RBI Act prohibits the disclosure of credit information, the application of this section in cases of loan defaults, particularly in the context of GNPA's breaching all previous records, needs reconsideration. In response to a question in Parliament (Rajya Sabha Unstarred Question Nos. 693, 24.07.2018) the Ministry of Finance has reported the following:

The Reserve Bank of India (RBI) has apprised that as on 31.3.2018, there were 4,387 borrowers with aggregate funded outstanding of Rs. 8,59,532 crore related to Non-Performing Assets (NPAs) of more than Rs. 10 crore and above outstanding, in respect of Scheduled Commercial Banks. As regards details of companies/defaulting individuals against whom NPAs of more than Rs. 10 crore and above are pending recovery, RBI has informed that under the provisions of section 45E of the Reserve Bank of India Act, 1934, RBI is prohibited from disclosing credit information. Section 45E provides that credit information submitted by a Bank shall be treated as confidential and not to be published or otherwise disclosed.

We strongly feel that the details of these 4387 large borrowers who account for over 85% of GNPA's in the banking system should be revealed by the RBI, in national interest. Not only are the names of individual/companies important but dissemination of the information on the year of sanctioning of the loans, project details and the NPA recovery effort would go a long way in fixing accountability and ensuring that these excesses, which are potentially destabilising banking sector, do not recur again. At the moment, since only the data on bank NPAs are made available in the public domain, the perception is that the Banks, particularly the Public Sector Banks, are solely responsible for the NPA build-up. Dissemination of detailed information on the loan defaulters would enable all concerned to get the real picture.

6. The data on the NPA recovery process through the IBC is also not being made available by the RBI. In response to a question in the Parliament (Rajya Sabha Unstarred Question Nos. 651, 24.07.2018) the Ministry of Corporate Affairs has reported that:

The Financial Creditors have realized claims of approximately Rs. 47,426.75 crore in 26 cases where resolution plans are submitted under the IBC framework since its enactment. The status of 12 NPA cases identified in the first phase by the RBI has been provided in an Annexure to the Ministry's answer. It appears that the resolution process has been completed only in two cases out of 12, involving M/s Electrosteel and M/s Bhushan Steel. As per the data made available by the Ministry, the haircut suffered by the financial institutions in the case of M/s Electrosteel is nearly 60%, while in the case of M/s Bhushan Steel it is over 36%. If these turn out to be the acceptable ratio of haircuts through the IBC process, the Banks, particularly PSBs are going to make losses running into trillions of rupees, in the days to come with consequential adverse effect on the Banks net worth and CAR. The process of NPA resolution through the IBC requires an urgent review. Detailed data on NPA recovery through the IBC needs to be made available by the RBI in order to facilitate an objective analysis and comparison with other modes of NPA recovery.

In view of the foregoing, we request you to urgently initiate appropriate directive to disseminate bank wise information/ data in regard to defaulting borrowers as at the end of March 2018 in terms of the RBI Circular DBOD no. BC/CIS/47/20.16.002/94 dated 23rd April, 1994 subject to modification there on from time to time.

With regards,

Yours sincerely,



(Soumya Datta)
General Secretary