



STATE BANK OF HYDERABAD STAFF ASSOCIATION

(Reg. No. 269)

Central Office: Gunfoundry, Hyderabad-500 001

Phone: 040-23387262, 300, 396, 217, 23387696, fax – 040-66661941

e.mail – sbhsahyd@gmail.com – Website – www.sbhsa.org

Cir. No. SA-CO/62/2014

Dt: 18.09.2014


All the members:

Dear Comrades,

We reproduce hereunder the Joint Circular dated: 16.09.2014 issued by our National Organization – AIBEA & AIBOA, for your information.

With Greetings,

Yours Comradely,


(JAGDISH M BHAVTHANKAR)
GENERAL SECRETARY

CIRCULAR TO ALL UNITS AND MEMBERS:

16-9-2014

Dear Comrades,

- ◆ OBSERVE 'ALL INDIA DAY' – 25TH SEPT. 2014
- ◆ DEMAND STERN ACTION TO RECOVER HUGE BAD LOANS
- ◆ DENOUNCE INDISCRIMINATE RESTRUCTURE OF CORPORATE LOANS AND SALE OF BAD LOANS

At a time when the Government is trying their best to push through their various efforts and proposals to implement banking sector reforms like privatisation, mergers, etc., what is really required today is to address and tackle the problem of alarming increase in the bad loans in the Banks. The so called reform measures recommended by Committee after Committee are retrograde and regressive but recovery of the huge bad loans will alone make our Banks more viable, vibrant and effective. That is why, in order to highlight this issue, AIBEA and AIBOA have decided to observe an exclusive All India Day on 25th September, 2014.

The following figures will reveal how alarmingly the bad loans in the Banks are increasing.

31.03.2008	39,030 crores
31.03.2009	44,954 crores
31.03.2010	59,927 crores
31.03.2011	74,664 crores
31-03-2012	117,000 crores
31-3-2013	1,64,461 crores
30-9-2013	2,36,000 crores
31-3-2014	2,50,000 crores

Fresh Bad Loans - Rs. 4,95,000 crores in 7 years in Public Sector Banks

Fresh/new NPAs during 2009-10	44,818 Crores
Fresh/new NPAs during 2010-11	58,226 Crores
Fresh/new NPAs during 2012-13	92,808 Crores
Fresh/new NPAs during 2012-13	1,19,613 Crores
Fresh bad loans in the last 4 years (2009 to 2013)	3,15,465 Crores
Fresh bad loans in the last 7 years (2007 to 2013)	4,94,836 Crores

KNOW THIS DAYLIGHT ROBBERY ?

Bad Loans under Re-structuring (as on June 2014)	Rs. 2,51,000 cr
Fresh Bad loans in the last 7 years	Rs. 4,95,000 cr
Profits adjusted for provisions towards bad loans (2008 to 13)	Rs. 1,40,000 cr
Bad loans written off in the last 13 years	Rs. 2,04,000 cr

RESTRUCTURING OF LOANS & SALE OF BAD LOANS/NPAs:

Already we know that a lot of concessions are being given to bad loan accounts like interest waiver, one time settlement, provisioning from profits, write off, etc. Then started the re-structuring of corporate debts. See how huge bad loans have been re-structured :

As on	No. of A/cs Restructured under CDR	Total Loans restructured
31-3-2009	184	86,536 cr
31-3-2010	215	1,04,299 cr
31-3-2011	242	1,11,914 cr
31-3-2012	292	1,50,515 cr
31-3-2013	401	2,29,013 cr
31-3-2014	476	3,30,444 cr
30-6-2014	486	3,48,502 cr

Live cases under CDR today:

31-3-2014 280 accounts Rs. 242,259 crores

30-6-2014 281 accounts Rs. 251,611 crores

Out of this Rs. 251,611 crores, 82 % of the loans are given to private corporate companies in the following sectors.

Sr. No.	Industry	LOANS GIVEN (Rs. Crore)
1	Infrastructure	57,906
2	Iron & Steel	40,783
3	Textiles	21,990
4	Power	20,253
5	Ship-Breaking/Ship Building	16,792
6	Construction	16,062
7	Telecom	10,785
8	Pharmaceuticals	9,249

9	NBFC	6,976
10	Engineering	5,668
Total Loans restructured under CDR in above 10 sectors		2,06,464

As though this is not enough, of late, sale of bad loans to private ARCs is on the increase. Last year alone, more than Rs. 50,000 crores of bad loans have been sold away to Asset Reconstruction Companies (ARC). There are proposals to set up bigger ARCs so that there can be wholesale sale of NPAs. Sale of NPAs is another fraud mechanism. It is a device to take out the NPAs from the books of the Banks. It is nothing but a camouflage. Recently, for example, in one Bank, NPAs worth Rs. 938 crores were sold to an ARC for Rs. 600 crores. Thus there is a direct loss of Rs 338 crores. That is not all. Out of the Rs. 600 crores purchase consideration, the ARC paid Rs.30 crores, i.e 5 % of the sale price in cash. Balance 95 % i.e. Rs. 570 crores was agreed to be paid as deferred bond after 10 years subject to realisation from the Assets. Thus, with Rs. 30 crores, the whole NPA amounting to Rs. 938 crores was removed from the list of NPAs of the Bank. This is the pattern. This is the method. This is the mechanism. But in the process, the Bank has lost, the country has lost and the people have lost.

That is why we have to demand:

- **Publish the list of defaulters**
- **Take stringent measures to recover bad loans**
- **Define wilful default as criminal offence**
- **Stop sale of bad loans**
- **Start recovery of NPAs**

To convey our concern, express our protests and focus our demands, let us observe **25th SEPTEMBER, 2014** as **ALL INDIA DAY to demand recovery of bad loans and to stop sale of bad loans.**

1. **Extensive postering campaign**
2. **Letters to be addressed to Finance Minister , MoF, Gol by all units on 25-9-2014 (draft letter will be sent separately)**
3. **Massive Demonstrations in all State Capitals and other important centres during lunch time or in the evening on 25-9-2014.**

Yours comradely,



S. NAGARAJAN
GENERAL SECRETARY
AIBOA



C.H. VENKATACHALAM
GENERAL SECRETARY
AIBEA