

Hyderabad
23rd December, 2014

PRESS NOTE

Banking sector in India is subjected to pressures from political parties and corporate sector for sanction of loans which in course of time turning into BADLOANS. The bank officials in many cases are sanctioning loans much against the rules. Year after year bad loans are mounting. By the end of financial year 2013-14, public sector, private and foreign banks (in India) put together have Bad loans more than Rs. 2 lakh crores. In a big country like India with 26 public sector and 20 private banks there going to defaulters, but what is alarming is a handful of people (less than 1% of borrowers) have become defaulters with 80% of total Bad loans of all banks.

We have obtained data through R.T.I. Act from the banks and analyzed it. The banks gave information to the extent of number of big defaulters (more than five crores) and amount involved. Few banks kept defaulters list on their website, but many banks have refused to provide information about the names of defaulters stating that it is personal information of bank customers and is held by the bank in commercial confidence. F.G.G. has brought it to the notice of Governor R.B.I. with a request to direct all the banks to publish the names of willful defaulters. Response of R.B.I. is positive. In the recent past Mr. Raghuram Rajan, in various meetings is advocating for publishing the names of defaulters.

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For decades various governments in India are after black money deposited in Swiss banks and in other Tax haven countries. With great difficulty the government could get few names and kept in sealed cover. The government claims that they have legal problems with the foreign governments in getting the names of persons and making them public. But here is a case that many banks in the country are not willing to provide the names of willful defaulters, than why we are blaming foreign banks.

Forum for Good Governance requests the R.B.I. / Finance Ministry, Government of India to publish the names of defaulters (more than 5 crores loans) on quarterly basis. We also request the finance minister to establish special courts to deal with the defaulters (Economic offenders). Action also has to take on bank staff for colluding with defaulters in sanctioning the loans much against the rules.

We are of the opinion that if stringent steps are taken more than one lakh crores can be collected from about 500 willful defaulters.

It is sad to note that since 2001 to 2013 bad loans (unrecoverable loans) to the tune of 2,04,000 crores are written off.

High lights :

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|---|----------------|------------------------|
| 1. Bad loans in last 7 years in public sector banks
(from 2007 to 2013) | - | 4,94,836 crores |
| 2. Private Sector banks | - | 46,231 crores |
| | | ----- |
| | Total : | 5,41,067 crores |
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| 3. Provision made in banks to adjust bad loans from 2008 to 2013 | | |
| a) Gross profit of banks | : | 3,58,893 crores |
| b) Provision made to adjust bad loans | : | 1,40,266 crores |
| c) Balance net profit
(Published net profit) (a – b) | : | 2,18,627 crores |
| 4. Top 50 defaulters to pay Rs.40,528 crores. (List enclosed) | | |
| 5. Loans from multiple banks | | |
| a) King fisher airlines took a loan of Rs. 2,673 crores from 10 banks | | |
| b) Winsome diamonds Company Ltd. Taken loan of Rs. 2,660 crores from 11 banks | | |
| c) Some of the loans obtained are unsecured loans. | | |

Yours Sincerely

M. Padmanabha Reddy
Secretary
Forum for Good Governance