

**Even SBI is a very small bank by global standards: RK Takkar**

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RK TAKKAR, Chairman, UCO Bank

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*Consolidation of PSU banks is the need of the hour, says UCO Bank Chairman*

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With ₹8 lakh crore of stressed assets compressing bank profits, top policymakers and bankers put their heads together at the second round of Gyan Sangam. What are the suggestions and changes one can anticipate in the days to come? Bloomberg TV India caught up with UCO Bank Chairman RK Takkar.

**The Gyan Sangam comes amid increasing concerns about the health of the banking sector. What suggestions were made to address those concerns?**

The banking industry is passing through a stressful phase, especially with regards to NPAs. The stressed assets almost amount to ₹8 lakh crore. But hopefully that figure should get stabilised. But the main concern that remains is the NPAs, the recovery process and their resolution, especially the changes in management where strategic debt restructuring (SDR) is being evoked. The bankers are looking forward to having an effective mechanism, especially by strengthening DRT and SARFAESI laws to help the banks in tiding over the crisis.

**The RBI and Centre are conducting an asset quality review (AQR) but there could be a second round also. How long do you see this pain continuing in the industry?**

The major portion of this AQR should be through by March 2016. A major portion of the provisioning required on account of AQR would have been made important by virtually all the banks. This might continue to some extent in the next financial year. But it won't be for such a large volume as we had seen in the December quarter and what we will be seeing in the March quarter. By March 2017, banks should be able to clean up their balance sheets. After that, normal

NPAs, I think, are bound to happen and you cannot prevent those but by and large things would stabilise and the banks will be focusing more on recovery. And that will help the banks tide over this issue of NPAs.

### **The Finance Minister has highlighted the need for consolidation of PSU banks. Are you viewing this more seriously this time around?**

No doubt there are HR and cultural issues. But going forward, consolidation is perhaps required. India does not really have large-sized banks compared with world standards — even State Bank of India is a very small bank by those standards. Large sized banks have their benefit in the sense they are in a better position to raise capital, manage assets and use technology to garner business. Finally, every bank will have its space. All types of banks can survive — whether it's a universal bank doing all types of business or niche banks operating in a particular area or field or geography. No doubt that it is tedious exercise but that's the need of the hour.

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