

Business Standard

AIBOA to reach out to end users in anti-IDBI privatisation drive

Association to hold road shows in several cities, says govt trying to save defaulters by going for privatisation

Vimukt Dave | Ahmedabad April 23, 2016 Last Updated at 15:48 IST



File photo of IDBI Bank employees in Mumbai protesting the govt's move to privatise the bank, on March 28, 2016. Photo: Kamlesh Pednekar

After meeting with bankers at regional level, the All India Bank Officers' Association (AIBOA) will now reach out to end users to create awareness against privatisation of IDBI Bank. The association will be holding road shows in several cities for the same.

The association believes the privatisation is not the way to address issues related to banking sector especially bad loans.

"We are not in favour of privatisation of IDBI Bank or any other public sector banks. By doing this government wants to save defaulters. This is against the public interests. We are creating a base and soon we will go to the public to make them understand about privatisation," said S Nagarajan, general secretary of AIBOA.

Currently, AIBOA is meeting with bankers at the regional level to create the base to oppose privatisation of IDBI Bank. In the said context, the association recently held a two day meeting at Ahmedabad in Gujarat.

Government has been intending to reduce its share in IDBI Bank to below 50 per cent from current 80 per cent.

"Privatisation is not a good option for public sector bank as well as the overall banking sector. The corporate loan defaulters are the main culprits behind draining out benefits of public sector banking," said S Nagarajan, ruing the fact that there is a law for loan recovery but has not been so effective. According to AIBOA, government should come up with strong recovery laws and also focus on implementation of the same.

"To remedy the situation, government should enact an ordinance of effectively recovering the bad loans by attaching properties of the promoters as well as guarantors, expeditious recovery process through debt recovery tribunals, among others, which are the need of the time," he added.

Government has admitted Rs 8 lakh crore bad loans in banking sector while according to AIBOA assessment, it is Rs 21 lakh crore which includes bad loans of Rs 3 lakh crore admitted by RBI and corporate debt restructuring of Rs 6 lakh crore, apart from money locked up in the coal license cancellation of 214 accounts worth Rs 5 lakh crore and Rs 7 lakh crore worth of money locked up in the infrastructure lending.

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