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PSBs in deep waters! Nine banks report net losses of Rs 14,000 crore so far

By *Chiranjivi Chakraborty*, ECONOMICTIMES.COM | May 18, 2016, 03.47 PM IST

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NEW DELHI: [Punjab National Bank](#), the third largest public lender in the country, shocked [Dalal Street](#) on Wednesday after it posted the biggest net loss in [India's](#) banking history at Rs 5,367 crore.

After [PNB's](#) results, the total losses of nine out of 18 public sector banks who have declared their March [earnings](#) till May 17 now stands at a whopping Rs 14,808 crore.

The crisis in the banking sector is hitting new lows every day after the Reserve Bank of India's decision to force banks to acknowledge their bad assets in their balance sheets by March 2017.

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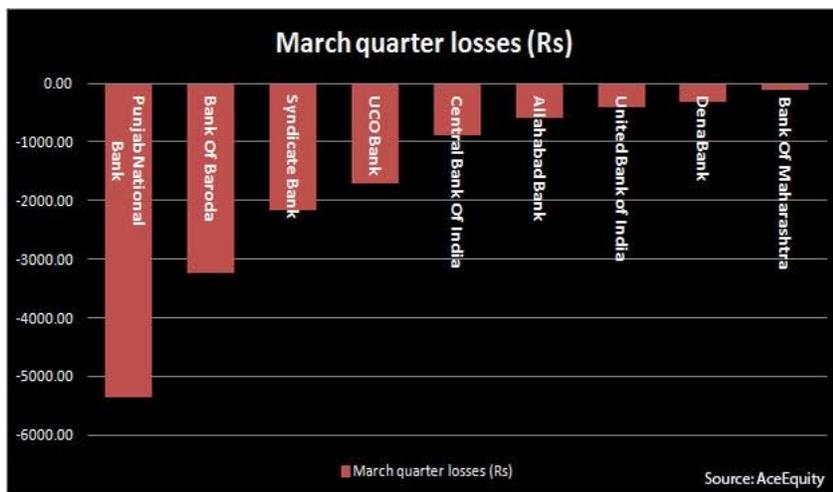
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Aside from PNB, [Bank of Baroda](#) gave a similar jolt to the Street when it reported quarterly losses of Rs 3,230 crore on Friday. The third highest loss figure this quarter has come from [Syndicate Bank](#) which reported losses of Rs 2,158 crore on Tuesday.

"For PSU banks, the private banks, NBFCs are taking their [market](#) share away so I am not sure what value they have or what value I should given them anymore. They are just really like 'zombie banks'," said Andrew Holland, CEO, Ambit Investment Advisors.

"I think this will to continue to be a problem because there are too many problems within the banking sector which are not going away," he cautioned.

The PSU banking sector has been the biggest drag on the market so far this month with the Nifty PSU Bank index slumping 6 per cent in the past five days.

Krishna Kumar Karwa of Emkay Global believes that bad assets are no longer the biggest concerns for investors when it comes to PSU banks, it's growth.

"The question with PSU banks is not about the stressed assets. Everybody is aware of it. But, in India, I think you invest for growth versus

valuations. So how will the PSU banks grow in the absence of sufficient capital that is the key question that one needs to address and that is where the challenge is going to be," he said.

The total amount of March quarter losses could still rise with six PSBs scheduled to report their numbers in the coming week with the mother of them SBI yet to come.

The 'zombie banks' as Andrew Holland calls them are in deep waters and one wonders if they could ever crawl themselves out.

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