

# Focus on recovery and control of slippages, says executive director of Allahabad Bank

By: [Mithun Dasgupta](#) | Published: January 5, 2018 4:50 AM



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*RBI has initiated Prompt Corrective Action (PCA) against Allahabad Bank. N K Sahoo, executive director of Allahabad Bank, spoke to **Mithun Dasgupta** on what this spells for the Kolkata-headquartered public sector bank.*



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### **What impact will the PCA have on the bank's business?**

There will be no material impact as such on our normal banking operations. This, because the PCA is more or less on the same lines as the turnaround plan submitted to the government. RBI has not restricted our further lending. Banks coming under PCA means the RBI has suggested certain measures for those lenders. We are already doing it. We have to re-double our efforts. We have to put little more effort to see that we do more and more recovery and less slippages.

RBI has imposed PCA on us on two grounds — high net NPA and negative RoA for two consecutive years. So, the moment we return to profit, our RoA becomes positive. And if we go for more recovery with less slippages, probably our NNPA figure will also be

maintained as per the threshold mentioned by RBI. So, things are on the right track. We have already taken steps. Your net NPA ratio for the year ended March 31, 2017 was at 8.92%. So, as per the PCA framework is Allahabad Bank now under Risk Threshold 1? Yes, as per the revised norms we are under Threshold 1 of PCA.

### **Under the PCA framework, what will be restrictions on the bank?**

They (RBI) have suggested actions to be taken on 6-7 parameters, which are capital-related, operation-related, strategy-related, credit-related, profitability-related, Special Supervisory Actions and HR-related. There will be no expansion as far as the head count of staff is concerned. We cannot pay dividend and cannot go for branch expansion. We have to restrict our exposures to high-risk assets. We have to reduce our unsecured exposures. Actually, we are doing these according to our turnaround plan submitted to the Centre. We have already adopted the measures suggested by the government of India. And, whatever action points suggested by the RBI under PCA, we are already doing that.

### **What is your plan going ahead?**

We have to focus on recovery and control of slippages. If these two things happen, probably our positions will be much