

PMC Bank 'has ₹2,500-crore exposure to HDIL'

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The beleaguered Punjab and Maharashtra Co-operative (PMC) Bank has an exposure of ₹2,500 crore to real estate developer HDIL, which had stopped servicing it for the past three years or so, the bank's former MD & CEO Joy Thomas admitted on Friday.

“The loans that were granted by us were not reported during the last six-seven years... We ourselves went to the RBI on September 19 and apprised the Executive Director of our situation and asked for some time to regularise the loans,” he added.

“The exposure that we reported to the RBI was to the HDIL Group.... We have only exceeded the exposure norm, for which we have asked for a resolution plan,” Thomas said at a press conference in Mumbai. The ₹2,500-crore exposure to the HDIL Group works out to about 30 per cent of the bank's total advances.

The disclosure raises questions about the effectiveness of central bank inspections.

Thomas said that if the exposure had been reported, it would have triggered a run on the bank. “That was why we sought time and a resolution plan; the (RBI) ED agreed to conduct a normal inspection... The next day (September 20), the inspecting officers collected all the information...but on September 23, we got the (direction),” said Thomas.

He felt that the RBI inspection could have determined the bank’s liquidity position better, but its action had harmed depositors. “There was sufficient liquidity: they have increased the withdrawal limit to ₹10,000. Now I am told they plan to increase it to ₹1 lakh. It was a hasty decision that harmed the organisation,” he said.

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