



ALL INDIA BANK EMPLOYEES' ASSOCIATION

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TO : ALL UNITS AND MEMBERS :

Dear Comrades,

Beware - IBC is a route to loot

Banking sector has entered a danger zone with non-stop increase in bad loans. Non-Performing Assets in the Banks have reached alarming proportions. It is more than Rs. 15 lac crores. Government has recently admitted in a written reply in the Parliament that there are 9063 Wilful Defaulters who together owe Rs. 1,10,050 crores to the Banks. From AIBEA we have been demanding that atleast the wilful defaulters should be brought under criminal proceedings. This is being deliberately skirted and avoided. Our long pending demand to publish the names of the bank loan defaulters is yet to be accepted by the Government and the RBI. But Government is keen that all types of concessions are showered on these defaulters. No wonder, we allege that there is clear nexus between Government, politicians, bureaucrats, bankers and borrowers.

Even in the past also, there have been velvet treatment to the defaulters – one time settlements, interest waivers, compromise settlements, rescheduling, restructuring, CDR, SDR, S4A, provisioning, write off, etc. For the small borrowers, farmers, students, etc. the recovery laws are stringent and they are being unduly harassed. For the big borrowers, it is concessions all the way.

Latest is the IBC – Insolvency and Bankruptcy Code. NDA Government has brought this as a mechanism to deal with bad loans. From AIBEA we demand recovery of bad loans. But Government talks of resolving bad loans. IBC is their resolution module. But RBI has already indicated that in this processes there would be steep haircuts. The haircut is clearly visible now.

In the case of **Bhushan Steels**, the loan outstanding referred to NCLT was Rs. 56,000 crores. Tatas have taken over this Company for Rs. 35,200 crores. Thus one NPA account is resolved. Neeraj Singhal of Bhushan Steel is free from the entire loan liability. Tatas have gained by getting the Company worth Rs. 56,000 crores for Rs. 35,000 crores. **But Banks have lost Rs. 21,000 crores. That is a haircut of nearly 40%.**

Then came the **Electrosteel Steels** deal. The dues to the Banks were Rs. 13,600 crores. Sterlite fame Vedanta has purchased it for Rs. 5,320 crores. Anil Agarwal gained 8,400 crores. **Banks sacrificed Rs. 8,400 crores. The haircut is 60%.**

Now comes the **Alok Industry** deal. The Company owes to the Banks Rs. 30,000 crores. Reliance takes over the company for Rs. 5,000 crores. Ambani gains Rs. 25,000 crores. **Banks sacrificed Rs. 25,000 crores. The haircut in this case is 83%.**

This is just the beginning. More such deals will follow soon. Government is keen to bailout all these corporate defaulters at the cost of the people's money in the Banks.

If this loot is allowed to continue, India may not be a Democratic Republic, it may become a Capitalistic Republic.

Beware of this loot. Begin your intensified struggle.

Yours comradely,



**C.H. VENKATACHALAM
GENERAL SECRETARY**

19th July, 2018 – 50th Year of Bank Nationalisation

Defend Public Sector Banking – Defeat Privatisation

Fight corporate loot of people's money

PEOPLE'S MONEY FOR PEOPLE'S WELFARE – NOT FOR CORPORATE LOOT
