



# **BANK EMPLOYEES FEDERATION OF INDIA**

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To All Affiliates/Office Bearers/CC/GC Members

Dear Comrades,

## **BAN ON LOAN DISBURSAL BY PSBs**

We have today addressed a letter, on the captioned subject, to the Governor, Reserve Bank of India. Text of the letter is reproduced below for your information.

With greetings,

Yours Comradely,



**(PRADIP BISWAS)**  
**GENERAL SECRETARY**

### **Text of letter dated 19.05.2018** **addressed to the Governor, Reserve Bank of India**

“We are seriously alarmed at the blanket ban on Allahabad Bank and Dena Bank on disbursement of loans.

While there is no denying that these two Public Sector Banks (PSBs) have been seriously afflicted by the menace of bad-loans, euphemistically called Non Performing Assets (NPA), advance portfolio remains the main source of revenue for any Bank, including above named two. Blanket ban on advances, having the effect of plugging their main source of income, would, therefore, put the two affected Banks to further trouble and, as such, add to their present ailment. Moreover, the marginal people, more particularly the small entrepreneurs, the peasants, the artisans, etc., in rural and other remote areas where these two Banks, or any one of them, happen/s to be the only Banking outlet/s, would be hard hit because of such ban.

In such a scenario, public confidence on PSBs in general and on these two Banks in particular, would, we apprehend, take an unwarranted beating.

In our considered opinion, continuous and stringent supervision over the lending activities of the Banks, by the RBI, is the only solution to the problem of Bad Loans; the RBI nominees on Banks' Boards should also exercise a close surveillance in the matter. Putting a blanket-ban on Loans – the very life line of any Bank – would only have the effect of killing the patient instead of curing his ailments.

In the circumstances, we urge upon you to consider the matter afresh, withdraw the ban on the Banks as aforesaid and also not to inflict similar ban on any other Bank in future in the best interest of the Banks concerned, the banking public affected and/or to be affected by such ban and the Public Sector Banking as a whole”.