

12 defaulters identified by RBI to be named soon, says FinMin

NEW DELHI: The Finance Ministry on Wednesday said names of the 12 big defaulters identified by the RBI for initiation of bankruptcy proceedings will soon be made public.

The RBI yesterday said it has identified 12 large loan defaulters who account for 25 per cent of the total NPAs in the banking sector and those will be referred to respective banks for filing insolvency proceedings. These cases will be accorded priority by the National Company Law Tribunal (NCLT).

The Finance Ministry further said that NCLT was being strengthened to fast track bankruptcy proceedings under the Insolvency and Bankruptcy Code (IBC).

“You have got 12 cases that have been identified, the names will be shortly announced, and they account for as much as 25 per cent of the bad assets,” Finance Ministry’s Principal Economic Advisor Sanjeev Sanyal said.

Each of the defaulters identified by RBI owes over ₹5,000 crore to banks.

The banking sector is saddled with non-performing assets (NPAs) of over Rs 8 lakh crore, of which Rs 6 lakh crore is with public sector banks (PSBs).

Sanyal told news channel CNBC TV18 that if a bankruptcy process has been set in motion, it does not mean that “we are just going to take all of this tomorrow morning and sell it off and auction it off”.

The IBC provides for 180

days for completion of insolvency process which can be extended by another 90 days in special cases.

Economic Affairs Secretary Tapan Ray said most of the regulations of IBC are in place since December and the required

infrastructure is ready to handle cases.

“NCLT is prepared, we are further strengthening the NCLT

with induction of more judicial and technical members. So they will be able to handle these cases,” Ray said.

For cases under IBC, the NCLT is the adjudicating authority. The NCLT was set up on June 1, 2016. It has 10 benches in India.

Commenting on RBI’s action, UCO Bank MD and CEO Ravikrishan Takkar said that there may not be much left for promoters in all the bigger NPA accounts. “In all the bigger accounts there may not be much left for the promoters. My balance sheet won’t be affected.”

United Bank of India MD Pawan Kumar Bajaj said, “In some cases if you see that the total net worth is eroded in those cases bigger hair cuts would be there.”

RBI action follows government promulgating an ordinance to fast track resolution of non-performing assets.

The Finance Ministry’s economic advisor also said that resolution of bad loans would also help government to arrive at a more appropriate amount required by PSU banks towards their capitalisation.

Replying to queries on mergers among PSU banks, Sanyal said there will be some consolidation, but “that is being done on commercial basis and are on advanced basis”.

“Merging bad bank with a good bank as a way of getting a large good bank is no more valid way of thinking as you may get a large bad bank. So it will be done on a completely different basis,” Sanyal said.

PTI