

BANK EMPLOYEES FEDERATION OF INDIA



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Circular No.25/2023

15th June 2023

To all Units, Affiliates, Office Bearers, CC & GC Members

Dear Comrade,

Demonstration against RBI announcement

The Reserve Bank of India (RBI), on 8 June 2023 issued a communique to Commercial Banks, Cooperative Banks, NBFCs, All India Financial Institutions on Framework for Compromise Settlements and Technical Write-offs.

The policy framework proposes 'to provide further impetus to resolution of stressed assets in the system as well as to rationalise and harmonise the instructions across all regulated entities. The process of resolution put in place through NCLT as per Insolvency and Bankruptcy Code (IBC) 2016 has already cost the banks hugely in surrendering astronomical amount of outstanding loans named as 'hair cuts', with an average of more than 50% sometimes above 90%.

The aforesaid framework allows to negotiate proposals for compromise settlements in respect of debtors classified as fraud or wilful defaulter. The wilful defaulters are those who have the ability to pay the loans but wilfully are not doing so, while loan defaulters marked as fraud need no explanation. More often, these activities involve big corporate entities and their list has grown longer in the recent years as evident from ever increasing amount of write-offs.

The RBI, so far, guarded the identities of these defaulters on the plea of protecting their business interests rather than transparency and accountability of banking operations. This framework further proposes that such borrowers coming under compromise settlements can be given fresh exposures after a cooling period of 12 months or more of such compromise and write-offs.

BEFI condemns the concerned policy framework issued by RBI as we firmly apprehend that this will encourage in continuing loot and plunder of public money by a section of corporate entities. We unequivocally demand immediate withdrawal of the policy framework so announced. We call upon our State Federations to hold **protest demonstrations on 21st June 2023** in front of RBI offices or at prominent places in the state capitals by mobilizing our members and **displaying placards/banners** against such loot and plunder to make the common people aware of the prevailing situation.

With greetings,

Yours comradely,

(Debasish Basu Chaudhury)
General Secretary