NIBM to train bankers to deal with bad loans

ENS ECONOMIC BUREAU
PUNE, SEPTEMBER 25

THE NATIONAL Institute of Bank Management plans to conduct workshops on the new ecosystem created by the government for resolving ballooning NPAs. NIBM is also going to conduct programmes to help banks under the prompt corrective action (PCA) of the RBI to come out of the PCA and improve their financials, KL Dhingra, director, NIBM, said at the 48th Foundation Day of NIBM.

The increasing level of NPAs in the banking sector, more particularly of the PSBs, is a cause of concern for the Centre and it has come up with the IBC 2016 and created the new "ecosystem for resolving the issue of ballooning NPAs", Dhingra said. FE

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NIBM to train bankers to deal with NPAs, prompt corrective action

FE BUREAU
Pune, September 25

THE NATIONAL INSTITUTE of Bank Management plans to conduct workshops on the new ecosystem created by the government for resolving ballooning NPAs. NIBM is also going to conduct programmes to help banks under the prompt corrective action (PCA) of the Reserve Bank of India to come out of the PCA and improve their financials, KL Dhingra, director, NIBM, said at the 48th Foundation Day of NIBM.

"RBI has put six public sector banks under Prompt Correction Action, which indicates that these banks need to focus on their financials and asset quality. This also puts certain restrictions on these banks. NIBM proposes to conduct specialised courses for the officers of these banks for enabling them to steer their banks out of the PCA, as early as possible," Dhingra said. The increasing level of NPAs in the banking sector, more particularly of the public sector banks, is a cause of concern for the Centre and it has come up with the Insolvency and Bankruptcy Code 2016 and created the new "ecosystem for resolving the issue of ballooning NPAs", he said. The ecosystem comprises the Insolvency and Bankruptcy Board of India, National Company Law Tribunal and the National Company Law Appellate Tribunal, and bankers need to be trained to work in the new systems. According to Dhingra, the total number of participants attending NIBM training programmes had gone up by 93% during the last three years.

The new ecosystem created by the government to resolve NPAs comprises the Insolvency and Bankruptcy Board of India, NCLT and the NCLAT

Speaking on 'Regulatory technological and human resource challenges for enhancing effectiveness of Indian banks' at NIBM, Usha Ananthasubramanian, MD & CEO of Allahabad Bank, said the Indian banking sector is at a critical juncture in its evolution and it is now clear that the slump in credit growth and increase in stressed assets has affected the profitability of all banks, and threatens the very survival of some of them. "Shifts in consumer preferences, combined with changes in technology and regulations, have created a perfect storm," she said.

Ananthasubramanian said the operational risks the banking sector faces due to changing customer expectations and technology and this could cause massive alterations in banking and give it an entirely different profile. Technology has not only been changing customer behaviour, but will also enable new risk-management techniques, often coupled with advanced analytics, she said. Specialised banking has also thrown up a different type of competition. Advanced technology, sleek workforce and hassle-free last-mile delivery are their positives vis-a-vis legacy banks, she pointed out. On the human resource challenges, Ananthasubramanian said the middle-management ranks of banks are being thinned by retirements, which has not been offset with adequate fresh recruitment. Banks need experts in specific areas like project evaluation, treasury, HR and risk management, she said.

3

TUESDAY SEPTEMBER 26, 2017

Sakal Times

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city

'Banks rethinking about their structure'

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Pune: Experts believe that stressed assets have forced banks to rethink about their strategy and structure ushering a paradigm shift in the Indian banking setup. This sentiment was emphasised by Chairman and Managing Director, Dena Bank, Ashwani Kumar, and Managing Director and Chief Executive Officer, Allahabad Bank, Usha Ananthasubramanian.

They touched upon the topic while addressing the gathering on the occasion of the 48th Foundation Day of the Pune-based National Institute of Bank Management (NIBM) on Sunday.

Kumar was the Chief Guest of the function while Ananthasubramanian was the Guest of Honour. Director of NIBM, KL Dhingra gave an overview of the NIBM activities during the last 48 years and also presented a brief about NIBM's future plans.

BANKING IN INDIA

Dhingra said, "The total number of participants, who attended NIBM training programmes, has gone up by 93 per cent during the last three years. The number of foreign participants has gone up by 100 per cent."

Kumar delivered the Foundation Day lecture on 'Changing Landscape of Banking - A Futuristic Perspective' while Ananthasubramanian spoke on 'Regulatory Technological and Human Resource Challenges for Enhancing Effectiveness of Indian Banks'.

Both the dignitaries touched upon how the banking is in a state of flux from the technology as well as human resource point of view. The dignitaries also spoke about the regulatory challenges, risk management, the issue of stressed assets and corporate governance.

"Stressed assets have forced banks to rethink their strategy and structure. The new paradigm shift towards this is the coming in place of Insolvency Bankruptcy Code. Technology has been a game changer for the banks and banking system on one hand with mobile to WhatApp banking, while cybersecurity threats, on the other hand, remain a huge challenge and a cause for concern," they said.

In light of mounting Non-Performing Assets (NPAs) with banks, Dhingra highlighted the proposed plan of NIBM to conduct workshops on new EcoSystem created by the Indian Government for resolving ballooning NPAs.

"NIBM is also proposing to conduct programmes to help banks under Prompt Correction Action (PCA) of the Reserve Bank of India to come out of PCA at the earliest and improve their financials," he said.

Service mementos were presented to those employees of NIBM, who have completed 25 years of the service to the institute, during the Foundation Day ceremony.

Sakal Times 4/10/17
pp. 1, 2

4

Doubts about economy due to low credit offtake: Fin Secy

'Most parameters for health of economy are positive'

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Pune: Although most of the parameters by which the health of an economy are judged are positive in India, questions are being raised internally and globally on why the Indian economy is not growing faster. According to Finance Secretary and Secretary for Expenditure, Government of India, Ashok Lavasa, one of the main reasons for this is the low credit off-take in the country.

"When you look at the macro economic fundamentals of the country, they are sound. Be it Current Account Deficit, the way the inflation has behaved in the last two to three years, the way the government has managed fiscal deficit. Most of the parameters by which health of an economy are judged are positive, yet there are questions being raised on why the Indian economy is not growing fast and not able to match expectations of people here and globally. One of the reasons cited for this is the low credit offtake and the consequent slowdown in participation of the private sector in the process of economic growth," Lavasa said.

▸Continued on P2

WHAT LAVASA SAID

- The Insolvency and Bankruptcy Code, 2016 is solution and resolution oriented with a time-bound approach to address the rising NPAs.
- Four to five challenges that will be faced during this process include finding the right insolvency professionals, safeguarding consumer interests, higher levels of provisions and need to set aside capital by banks to refer cases to the IBC, recapitalisation and continue to introspect why we are in this situation.
- More that half the NPAs are accounted by only 30 to 40 cases. The government is supporting recovery of stressed assets.

5

Doubts about...

▶ Continued from P1

He was delivering the inaugural address for a workshop on 'Insolvency and Bankruptcy Code 2016' organised by National Institute of Bank Management (NIBM) in Pune on Tuesday.

Among the dignitaries present at the event were Chairman of Insolvency and Bankruptcy Board of India (IBBI), MS Sahoo and officials from various banks in the country. Director of NIBM, KL Dhingra said the workshop has been organised to provide knowledge about the new ecosystem of IBC created for resolution of NPAs and recovery in a time-bound manner.

Lavasa said The Insolvency and Bankruptcy Code, 2016 and the IBBI are critical in light of the ballooning Non Performing Assets (NPA) in the Indian banking system. "Reports have suggested that law enforcement in India, both in terms of process and institutions requires more reforms. There is a need to create an ecosystem in which people are not able to distort the system or take advantage of the law and use it for their vested interest. In the last two to three years, the govt has taken several steps in which policies and institutions have been created and amendments made. One of the most important and positive steps has been to address the issue of Insolvency and Bankruptcy by creating an institution," he stated.

Times of India 4/10/17
p. 18
6

'Eco growth, NPA resolution not directly related'

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Pune: Economic growth is not directly related to bad loan resolution, and the latter is a legacy of the past, according to Ashok Lavasa, finance secretary, Government of India. He also said that the fall in economic (GDP) growth has bottomed out and that the economy will get back on the growth path from now.

Bad loans account for between 12-19% of the total advances for most scheduled commercial banks in India, despite the government's claim of over 7% GDP growth in the last 9 out of 12 quarters. The RBI has also put six banks with high levels of NPAs under prompt corrective action.

In Pune, to inaugurate a workshop on Insolvency and Bankruptcy Code, at the NIBM, the finance secretary said, "I don't think bank recoveries are directly related to growth. These are problems of the past. So they do not have a direct relation between the levels of growth."

Lavasa's comments come at a time when there is debate over what the economic growth really is, with former finance minister Yashwant Sinha pegging it to a new low of "3.7% or less" in the first quarter of FY2018. "I think what we saw in the first quarter was virtually a bottoming out. From now on, I think the uptick has started. I foresee that the growth levels will now bounce back," Lavasa told TOI on the sidelines.

The finance secretary said that the "human element," is an important determinant on how the systems work. He was replying to a question on why recovery tools like the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 have not yielded the desired results.

"Behind every system there is a human being. He can make a success of that system or lead to the failure of the system. The human element is extremely important," he said, adding, "the government is committed to providing all support," to the Insolvency and Bankruptcy Board of India for the same to succeed.

Indian Express 4/10/17
P. 13

A good banker can smell a bad loan: Finance secretary

EXPRESS NEWS SERVICE
PUNE, OCTOBER 3

ASKING FOR banks to practice financial prudence, finance secretary Ashok Lavasa said a good banker can smell a bad loan. Lavasa who was speaking at meet organised by the Pune-based National Institute of Bank Management on Tuesday also said the economy is in robust health.

"One has to see why bankers have been bullish on lending to risky projects and why they have not been bullish on finding solutions. Bankers have to introspect if excessive lending has taken place and whether the entrepreneur has borrowed more than needed for the project." he said.

"One has to see why bankers have been bullish on lending to risky projects and why they have not been bullish on finding solutions. Bankers have to introspect if excessive lending has taken place ..."

ASHOK LAVASA,
FINANCE SECRETARY

The macroeconomic parameters of the country, the secretary said are very strong. "...by any parameter you may adopt, the macro economic fundamentals are very strong, whether you take the balance of payments, current account deficit, the way inflation has shaped in the last two to three years, the Indian government has managed its fiscal deficit and revenue deficit well. Yet today there are questions being raised, concerns being raised on why the Indian economy is not growing faster. It is like an individual whose blood pressure is normal, pulse rate is good, heart is sound and yet it is not able to run or sprint the way it should, or match up to the expectations of the people within the country and outside," he said.

One of the reasons being cited, according to Lavasa, is the low credit offtake and the consequent slowdown in the participation of the private sector.

"In the last few years, the government has taken several steps in which policies have been created, institutions have been established, made amendments to the law, and one of the issues has been addressing the issue of insolvency. In India it is easier to start something but it is harder to exit once you have met with failure or things don't turn out the way it should. In this context the insolvency code and bankruptcy law has been recognised by the world as a positive step taken by the government," he said.

Lavasa said that in India people don't accept failure where you have a situation where someone has failed even though a sincere effort was made." So you have a situation where somebody has failed. How you deal with that ? How does the system provide a way in which failure can handled, especially when the failure is not of the individual alone but it involves interests of several parties? How you handle the failure of the institution which has a stake in the project ? How you deal with the other interested parties which are part of the project? This is the central question," he said.

Financial Express 4/10/17
p. 10

'Bankers need to introspect if excessive lending has taken place'

FE BUREAU
Pune, October 3

A GOOD BANKER can smell a bad loan and therefore bankers today need to introspect if excessive lending has taken place in the past, Union finance secretary Ashok Lavasa said on Tuesday.

"One has to see why bankers have been bullish on lending to risky projects and why they have not been bullish on finding solutions. Bankers have to introspect if excessive lending has taken place and whether the entrepreneur has borrowed more than needed for the project," he said.

Lavasa was speaking at a meet organised by the National Institute of Bank Management (NIBM) in Pune on Insolvency and Bankruptcy Code 2016.

"If you look at the macro economics of the Indian economy you will find that by any parameter that you may adopt, the macro economic fundamentals are very strong, whether you take the balance of payments, current account deficit, the way inflation has shaped in the last two to three years, the Indian government has managed its fiscal deficit and revenue deficit well. Yet today there are questions being raised, concerns being raised on why the Indian economy is not growing faster. It is like an individual whose blood pressure is normal, pulse rate is good heart is sound and yet it is not able to run or sprint the way it should, or match up to the expectations of the people within the country and outside," he said.

Ashok Lavasa, Union finance secretary

One of the reasons being cited, according to Lavasa, is the low credit off take and the consequent slowdown in the participation of the private sector in the process of economic growth. "If you look at various indices of competition in the world whether it is ease of doing business, by and large the process has to be more dynamic more fast and it has to create an eco-system in which people are not able to destroy the system or are able to take advantage of the law and use them for vested interests," he said.

"In the last few years, the government has taken several steps in which policies have been created, institutions have been established, made amendments to the law, and one of the issues has been addressing the issue of insolvency. In India it is easier to start something but it is harder to exit once you have met with failure or things don't turn out the way it should. In this context the insolvency code and bankruptcy law has been recognized by the world as a positive step taken by the government," he said, adding that the Indian Bankruptcy Code has turned one year old.

According to Lavasa, the government created many policies in the past, some of which succeeded and some did not. "Remember when the borrower becomes a defaulter, the burden shifts to the bank," he said.

He cited the exampled of the BIFR and the Sick Industries Companies Act where once the promoter took the BIFR route.

"Nobody could deal with it in a satisfactory manner. The Indian Bankruptcy Code is solution oriented and there is a time frame of 180 days plus 90 days extended in which all parties have to find a solution," he pointed out.

9

THE HINDU BusinessLine

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Money & Banking

NIBM workshop on IBC next week

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In the wake of the ballooning bad loans, which have become a major concern for the Indian banking industry, the National Institute of Bank Management (NIBM), an autonomous apex institute established by Reserve Bank of India and banks, said it is organising a Workshop on Insolvency and Bankruptcy Code, during October 3-4 at its campus in Pune. Ashok Lavasa, Finance Secretary, will be the Chief Guest.

From Around The Web

10

NRI NEWS 24X7

NIBM Conducts Workshop on IBC, 2016 and newly created eco-system for tackling NPAs

Posted By: admin on: September 28, 2017 In: Regional No Comments

In the wake of the ballooning NPAs which have become a major concern for the Indian banking industry, the passing of the Insolvency & Bankruptcy Code in Parliament in May 2016 has come as a new paradigm shift. The Code which specifically stipulates the time frame for recovery is a promising new landscape for the banks in India.

In keeping with its mandate to play a proactive role of a "think-tank" of the banking industry, NIBM is organising a Workshop on Insolvency and Bankruptcy Code, during October 3- 4, 2017 at its campus in Pune. Shri Ashok Lavasa, Finance Secretary Government of India will be the Chief Guest.

Eminent speakers include Dr M.S. Sahoo Chairman of Insolvency and Bankruptcy Board of India and Honourable Shri Balvinder Singh, Technical Member National Company Law Appellate Tribunal. Other speakers for the workshop include Executive Director / Reserve Bank of India, Executive Director /Securities and Exchange Board of India, Chairman /Indian Institute of Insolvency professional of ICAI, some of the leading Commercial Bankers and Insolvency Professionals.

The workshop has generated a lot of interest from banks and financial institutions considering the significance of the changes brought about by the Government through the passing of this important regulation; and the anxiety of lenders to recover their NPAs and improve their asset quality.

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P. 4

11

NIBM to hold 2-day workshop on banking

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Pune: In the wake of the ballooning NPAs, which have become a major concern for the Indian banking industry, the city-based National Institute of Banking Management (NIBM) is organising a two-day workshop on Insolvency and Bankruptcy Code.

According to officials from NIBM, the passing of the Insolvency and Bankruptcy Code in Parliament in May 2016 has come as a paradigm shift. "The Code which specifically stipulates the time frame for recovery is a promising new landscape for banks in India. In keeping with its mandate to play a proactive role of a think-tank of the banking industry, NIBM is organising a two-day workshop on Insolvency and Bankruptcy Code on October 3 and 4, at its campus in Pune," the officials stated.

The officials added that Finance Secretary of Government of India, Ashok Lavasa will be Chief Guest for the workshop. "Eminent speakers include Chairman of Insolvency and Bankruptcy Board of India, Dr MS Sahoo and Technical Member National Company Law Appellate Tribunal, Balvinder Singh. Other speakers for the workshop include Executive Director of Reserve Bank of India, Executive Director of Securities and Exchange Board of India, Chairman from Indian Institute of Insolvency, professionals from ICAI as well as some of the leading commercial bankers and insolvency professionals," they added.

They stated that the workshop has generated a lot of interest from banks and financial institutions.