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Pune: Chairman of Banks Boards Bureau and former Former Comptroller & Auditor General of India (CAG) Vinod Rai on Tuesday said that public money should not be allowed to be cornered by vested interests or their insidious designs while the small borrower is hounded and driven to such extreme steps as suicide.

He was addressing a gathering as the chief guest during the 12th convocation ceremony of the Post Graduate Diploma in Management (PGDM) Banking and

NIBM CONVOCATION CEREMONY

Financial Services at the National Institute of Banking Management in the city on Wednesday.

The event was presided over by Governor of the Reserve Bank of India and Chairman of NIBM Governing Board, Raghuram Rajan in the presence of NIBM Director Achintan Bhattacharya and several other dignitaries from the banking sector.

Rai spoke about the prevalence of a fear psychosis of being hounded by vigilance agencies when bank executives take decisions regarding loans or conclude settlement of stressed loans.

"The issue of such vigi-

lance oversight should have been a matter of concern and hence factored in when the initial decision to advance to maybe sub-prime borrowers was undertaken. However, these borrowers comprise a small minority and cannot become the barometer of banking decision-making," he explained.

Rai said that there is a need to address the stressed assets issue with urgency and diligence. "We need not debate ad infinitum the escapades of one or two industrialists. We cannot allow normal loan advancing activity to come to a standstill based on the experience of a few cases of mismanagement. It needs to be recognised that all loan defaults cannot be viewed as corporate frauds and may occur for a variety of reasons which are beyond the control of the creditor. These defaults merely amount to a breach of contract and hence are not necessarily criminal in nature and would attract criminal prosecution only if fraudulent or dishonest intention is established," said Rai.

He added that caution and precaution in banking activities is necessary in order to avoid creating a larger scare in the sector.

"The political and economic environment is being fashioned to facilitate healthy recovery. We need to accelerate lending activity taking care to ensure that



BIG DAY: NIBM Director Achintan Bhattacharya, Chairman of Banks Board Bureau Vinod Rai, Governor of RBI and Chairman of the NIBM Governing Board Raghuram Rajan, dignitaries and NIBM faculty arrive for the 12th convocation ceremony of PGDM (B&FS) course at NIBM on Wednesday.

proposals are professionally appraised and transparently analysed," he said.

Speaking about the Banks Board -Bureau, Rai said that the formation of the body was among the resolute steps taken by the government in the process of reforming the banking sector.

"The attempt is to provide public sector bank boards a sense of purpose and direction by adequately infusing professionalism and domain experience. The Bureau proposed to work in the direction of creating a structure to enhance comfort in professionalising the decision-making process in banks," Rai explained.

Bhattacharya announced that 30 additional

seats have been approved for the PGDM course.

He also spoke at length about the research culture that has been inculcated in the institute as well as the various training programmes offered by the

institute for banking professionals from the country and several other nations. PGDM certificates were awarded to 58 students, of whom five received gold medals for academic excellence.

