

**State Level Seminar On:  
"Public Sector Banks at Crossroads and the Way Forward"  
Date: 14 October 2017**

**Venue: Birla Global University, IDCO Plot No-2, Institutional Area, Gothapatana, Bhubaneswar,-751029,Odisha,India**

**Theme and Sub-Themes**

The Indian banking system has grown phenomenally over the years. The major share of this growth story belongs to the PSBs with a market share of about 70%. India's public sector banking industry is a study of contrasts. On the one hand it is acting as the growth driver of the world's fastest growing major economy, and on the other, is grappling with challenges of mounting bad loans, deteriorating asset quality and decelerating the core business activities, which are threatening its future growth prospects. The most grievous among them is the increasing burden of toxic assets. The public sector banks account for more than three-fourths of the stressed asset loads as because they are more exposed to industry sectors with a higher share of non-performing asset than their private-sector counterparts. Provision levels are inadequate to bring in an immediate solution to this problem. What is probably more disturbing is that the recovery rate of loan has been falling over the years. Even as the banks suffer from stressed assets and stagnant loan growth, they suffer to support and push the country's growth parameters.

Ballooning non-performing assets is the biggest impediment that chokes the Banks' effective operations. Here is a list of the top Indian banks and the amount of gross NPAs they had on their accounts as of March quarter 2017.

| Bank                       | Amount (Rs. Crore) | Per cent of Total Lending |
|----------------------------|--------------------|---------------------------|
| Indian Overseas Bank (IOB) | 35,098.25          | 22.39                     |
| IDBI Bank                  | 44,752.59          | 21.25                     |
| Central Bank of India      | 27251.33           | 17.81                     |
| Bank of India              | 52044.52           | 13.22                     |
| Punjab National Bank (PNB) | 55,370.45          | 12.53                     |
| Oriental Bank of Commerce  | 22,859.27          | 13.73                     |
| Dena Bank                  | 12618.73           | 16.27                     |
| Canara Bank                | 34202.04           | 9.63                      |

India's public sector banks are at the crossroads where they are supposed to remain healthy without giving up social responsibilities; they need to undertake risky lending, yet perform well. This calls for a hard relook on their structure, functioning methods and financial and risk management strategies.

In this backdrop we are inviting paper on the theme of the Seminar which will focus mainly on three issues as follows.

**1. Impact of NPAs on the National Economy**

A stable and sound banking system is required for a healthy growth of an economy. NPAs adversely impact the banks by reducing their profits in the form of interests and provisioning, (a) Their inability to recover and realize such assets result in write offs which leads to a decrease in their net profits. (b) The non-repayment of the NPA by the existing borrowers prevents the banks from lending to new borrowers.

**Note:**

- i. No Registration fee will be charged
- ii. Only those who will submit full paper will be invited for presentation after review.
- iii. No TA/DA will be paid. Local hospitality will be provided. Transport will be made available for the delegates from Vani Vihar and CRP square to the BGU campus and back after the Seminar is over
- iv. Details of the program will be intimated in advance

This slows down the credit recycling and reduces the size of credit growth. (c) It impacts the banking morale and credit worthiness of the people resulting in defaults by even the honest borrowers. (d) It results in the lowering of the deposit interest rates by the banks to recover the bank loss and raising lending rates that discourages the genuine borrowers from seeking loans and thereby affecting the economic productivity. Even more, the domestic businesses cannot survive in an environment where they pay higher interest for their borrowings while their global competitors are furnishing the loans at low rates. This results in negative balance of trade and large unemployment and social unrest. All these tend to have a large negative impact on the national economy.

**2. Is NPAs a Corporate Phenomenon?**

According to Prof. K.V. Thomas, Chairman of Public Accounts Committee, a key Parliamentary panel, out of the Rs 7.4 trillion of non-performing assets of public sector banks, a whopping 70% are those of big corporate houses. Public Sector Banks act strong in case of farmers or small traders and even go to their houses to recover loans and get their names published in newspapers. But when it comes to corporate houses that had taken loans for various infrastructure related activities in sectors like civil aviation, energy and road construction, among others, they are bit lenient. It gives an impression that NPAs are a big corporate phenomenon. This problem needs to be taken care of at the right earnest.

**3. NPAs and the Future of Public Sector Banks**

Every challenge is an opportunity. It seems that many borrowers actually outsmarted PSBs. Given the grim situation of PSBs and rising NPAs in India, development banking provides banks a chance to earn profit on sustainable basis which can strengthen the system. After years of struggle, the government finally brought in the Insolvency and Bankruptcy Code, 2016, that subsumed many existing laws, including the Sick Industrial Companies Act, and became the overarching legislation to address corporate insolvency. The new law provides for requisite institution building in which the Insolvency and Bankruptcy Board of India (IBBI) plays a pivotal role including NCL framework. NPA problem of banks needs to be addressed separately. An efficient insolvency resolution system will enable the lenders to act before things get out of control and preempt such crises in the future.

**Empirical data based papers are most welcome.**

Send your paper to [ak.dash@bgu.ac.in](mailto:ak.dash@bgu.ac.in)

**Date Line:**

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| 15 September 2017 | Submission of Abstracts       |
| 05 October 2017   | Submission of Full Paper      |
| 10 October 2017   | Intimation for participants   |
| 12 October 2017   | Confirmation of participation |

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