



ALL INDIA BANK OFFICERS' ASSOCIATION

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May 5, 2021

Hon'ble President of India,
Government of India,
NEW DELHI.
110001.

Respected Sir,

Reg : Strategic disinvestment of IDBI Ltd.

We beseech your kind intervention in the captioned matter so as to enable the Developmental Financial Institution (DFI) established by Government of India in 1964 remain intact.

2. We have the communication released through the Press Information Bureau pertaining to the cabinet decision to disinvest the 94% of equity held by Life Insurance Corporation and Government of India stake in IDBI Ltd. **When the nation is reeling under Health Emergency, such an announcement emerging from the corridors of power is really shocking and disturbing.**

3. To submit in a nutshell about the health of the Institution, it is constantly loaded with high bad loans mainly related Infrastructure projects with long term repayment schedules. The IDBI Ltd, has recently turned the corner after lot of efforts put in by the workforce coupled with management approach to hive off certain of the ancillary activities. **IDBI Ltd is the laboratory for many experiments carried out by Central Government and Reserve Bank of India.** Promoting the independent Institution under private sector character and reverse merger were too carried out in the late 1990-2000. Accepting the directions of the Central Government, the then United Western Bank Ltd, headquartered in Western Maharashtra, was taken over by IDBI Ltd, by disproportionate compensation to the promoters of the that Institution. The structural change brought in by the Government from **DFI to Universal Banking** was certainly a mistaken step. Adding to this, abandoning the Institution is an unwise decision and it is certainly not in the National Interest.

4. The audit carried out by the CAG speaks volumes about the accumulated bad loans in the time-tested financial Institution. The decision to disinvest in a depressing scenario would lead to underselling and passing the benefits to the private investors. It may also lead to whitewashing the Bad loans from the Balance sheet. The profit greed of the investors will lead to closure of the branches/offices, restricting the banking activities, staff rationalization, service security and adverse staff service conditions, which will be counter -productive to the entire workforce in

our Country. In the current situation of the Health Emergency, nearly 600+ workforces have died, the proposed decision will send a wrong signal and a demotivating one.

5. The decision to sell the stake of the Government owned financial Institution is certainly retrograde step on the part of Government of India. Side by Side, the Government of India promoting an INFRA BANK with huge capital is certainly intriguing one. The amount of bad debts as on 31.03.2021 is Rs.36000 crores and the provision made from the profit earned is also substantial for the financial year ended 31.03.2021.

6. As the Creation of the Developmental Financial Institution-IDBI, was through the enactment of an Act by the Parliament, the decision can be referred to the Parliament, in the Interest of the national welfare.

7. We sincerely appeal to you, as the Custodian of the Public Sector Undertakings and Public Wealth of our Country, counsel the authorities to halt this move immediately. In addition to the above one, there should be an immediate intervention to initiate steps to recover the bad loans in Fast Track manner lest corporate defaulters would acquire this great time -tested Institution.

8 IDBI Ltd should continue to be a Public Sector Undertakings, as the facility for recruitment of the SC/STs in all cadre and constant coverage under CVC and CBI to continue without any break, thereby the **Constitutional Guarantee provided to the citizens can be continue to be upheld.**

Please intervene and ensure financial stability of our Nation buildings Institutions – Public Sector Banks, over a period over five decades, are preserved, protected and also promoted.

With respects,

Yours faithfully,



S.NAGARAJAN.
GENERAL SECRETARY

Copy to :

1. Hon'ble Prime Minister, Government of India, NEW DELHI.
2. The Governor, Reserve Bank of India, MUMBAI.
3. The Managing Director and CEO, IDBI Ltd, MUMBAI.
4. The Chairman. LIC of India, MUMBAI,