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Public sector lender, United Bank of India (UBI), currently under the Reserve Bank of India's (RBI's) prompt corrective action (PCA), is expecting a recovery of Rs 40 billion from settlements under the [National Company Law Tribunal](#) (NCLT) by the end of 2018-19. The bank has also requested the RBI to relax norms on risk-weighted assets, so that it can expand its lending book, said a top executive of the bank. The bank is not expecting

more than 30-35 per cent recovery from the second list of the RBI, said Ashok Pradhan, executive director, UBI. In the second list, the bank has about 12 accounts, with a total exposure of Rs 17-18 billion. UBI has about 39 accounts in the NCLT, with an exposure of about Rs 64 billion. Of these, 19 accounts identified by the RBI constitute about Rs 52 billion. From the recent resolution of Bhushan Steel, the bank got a return of 67 per cent (Rs 4.89 billion). “In the second window, the asset quality is very poor.

We might not be able to recover more than 33-35 per cent. That will be the biggest hit bankers are looking at. There will be many companies which do not have real assets,” said Pradhan. If the bank adheres to the risk-weighted asset limit prescribed by the RBI, it will lead to a reduction in lending by Rs 100 billion this financial year.

PCA RECOVERY PLAN

- **United Bank of India has sought Rs 20 billion to fund growth**
- **Bank will not replace 800-900 officers retiring this year**
- **Close to Rs 74 billion stuck in DRTs for the bank**
- **Bank expecting 30-35% recovery from RBI’s second list**

“The government asked us to keep risk-weighted assets to a particular level, which in essence means a reduction of Rs 100 billion this financial year,” said Pradhan. The bank has asked the government to infuse about Rs 20 billion capital to fund growth. As a part of its PCA recovery plan, the bank has sought the state government’s cooperation to strengthen the debt recovery tribunal (DRT) mechanism and securitisation law. Close to 4,000 cases involving Rs 74 billion are stuck in DRTs for the bank. There are 900 cases that are stuck for more than five years involving about Rs 18 billion. Also, as part of its cost-cutting exercise, the bank will not go for additional recruitment. Roughly, 800-900 officers will retire this year from the bank.

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