

Dear sir,

I attach herewith a Note containing my comments on the second consultative package relating to The New Basel Capital Accord under consideration.

I am deeply worried about the collapse of the banking establishments under the heavy burden of mounting bad loans. The position is worsening day by day! The pressure upon bank managements to show better results drags them to the moral hazard of window dressing and manipulation of financial statements thereby hiding the true state of affairs.

It is, therefore, for consideration whether the attention of the Basel Committee should be focussed on this main issue of improving the quality of loan assets with the banking system rather than bothering about increasing the leveraging abilities of some banks; no bank should accommodate any borrower who has not honoured his commitment to this or another bank.

I shall be glad to provide any further assistance, if required,

Yours truly,

S.D.Nayar
Management Consultant
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Punjab and Sind bank, Rajendra place,
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