

Q. Do you think the Court-ordered interest waiver and bad loan recognition ban undermines economic justice? Examine.

Ans. Recently Supreme Court welcomed govt's decision to waive interest on interest on loans upto 2cr and ordered ban on recognition of bad loans during the moratorium period.

How it undermines economic justice?

→ The step is economically ignorant as India's Rs 144 lakh cr in bank deposits from 21cr deposits accounts (20% of Indians), whereas make Bank's 110 lakh cr loan from 2.7cr loan accounts (only 2% of Indians).

→ This step is going against the principle of economic justice as 'economic justice means the greatest good for greatest number'.

→ It is also commercially ignorant because any annualised fiscal rate is adjusted for interest payment frequency.

→ Resources are limited now and the Centre's COVID expenditure of Rs 29 lakh cr creates Rs 3 lakh cr GST short fall and our FD may exceed 12%.

- It hampers economic justice as basically funding banking diverts money from education, health & skill expenditure.
- Ban on recognition of NPAs / Bad loan will further degrade the economic situation.
  - ↳ for eg- Bhusan's steel. defaulted loans are more than central govt's allocation to primary education.
  - ↳ The worst 12 defaulters forced in IBC had loans equal to 4 times the central govt's allocation to healthcare.

The step is neither qualifies as a fundamental rights nor qualifies the handhi's modern welfare state's test of handhi. So, this order does not serve also the weakest & poorest of society and it hampers their economic rights justice.