COPE recommends People's Bank to submit a full report within a month on the non-performing loans worth of Rs. 54 billion

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- **A special inquiry into the expenditure of Rs. 402 million for an unutilised Data Ware House Project.**
- **A vehicle used by the former General Manager worth Rs. 16.6 million has been transferred at a cost of Rs. 113,698.**

The COPE chairman Hon. (Prof.) Charitha Herath making a recommendation to Mr. Sujeewa Rajapakse, Chairman of People's Bank stated to submit a full report within a month regarding the companies in the private sector which were granted loans worth of Rs. 54 billion, that are currently in the status of non-performing, how it was evaluated and the persons involved in giving such approval. The COPE chairman stated that that this information will also be published in the forthcoming COPE report.

The aforesaid recommendations were made by the COPE chair during the summoning of the People's Bank before the Committee on Public Enterprises (COPE) to examine the Auditor General's reports for the financial years 2018 and 2019 and its current performance.

In a context where small and medium enterprises (SMEs) sometimes have to put in a lot of effort to get a bank loan, it is observed that large loans of up to Rs. 2, 3, 4 billion, etc. have been given and it should be disclosed how these companies were approved without having the ability to repay or adequately mortgaging the property, the committee members stated. The Members also pointed out that in the future when loans are given, it should be done in a more systematic manner with a sense of responsibility when handling national wealth.

The committee focused on the handing over of a used vehicle to a former General Manager of the People's Bank at a very low estimation when he retired in 2019. It was revealed that this car which was purchased for Rs. 16.6 million on 27.04.2015 has been transferred to the former General Manager in 2019 at an estimation of Rs. 113,698.

Mr. Ranjith Kodituwakku, the General Manager of the People's Bank said that handing over of a vehicle that has been used by the General Manager for more than a year is usually the practice and in terms of market value considering depreciation over the time used the said transfer had been done.

The committee inquired how a vehicle purchased for approximately Rs. 16 million was estimated to be worth Rs. 113,698 when transferring. The General Manager said that the bank's policy of handing over vehicles has been changed and now, it has been decided to give this opportunity only to those who have held the post of General Manager or Deputy General Manager for more than 25 years.

The COPE Chairman pointed out that the expenditure of national wealth should be reconsidered and that this process, which is currently being carried out only with the permission of the Board of Directors, should be carried out only with special permission, and recommended Secretary to the Ministry of Finance, Mr. Mahinda Siriwardana, to intervene immediately regarding the situation.

Accordingly, he recommended that guidelines be prepared for such activities which are carried out only with the permission of the Board of Directors for the banking system under the Secretary and necessary action be taken in the future.

Meanwhile, it was revealed that a Data Ware House project launched in 2015 at a cost of nearly Rs. 402 million could not be used as expected. It was also discussed that the head of the IT division appointed by the then Chairman of the People's Bank who introduced this project was a former employee of the company which carried out this project. It was also revealed that no feasibility study has been done for this and the committee pointed out that spending nearly Rs. 402 million on a project without any results is a serious situation. Therefore, the Secretary to the Ministry of Finance was instructed to conduct a formal inquiry at the Ministry level. In addition, Prof. Charitha Herath recommended to the Auditor General, W.P.C. Wickramaratne and the National Audit Office to conduct a special audit and submit a report.

It was also revealed that companies owned by a member of the Board of Directors were given loans and the loans have been transferred to the non-performing loan category. As at 31.12.2019, the total loan amount due, was Rs. 4.2 billion. People's Bank officials said that an investigation has been launched through the CID on this regard.

Minister Hon. (Dr.) Nalaka Godahewa, State Minister Hon. Indika Anuruddha, Members of Parliament Hon. Mahinda Amaraweera, Hon. Jagath Pushpakumara, Hon. Rohitha Abeygunawardena, Hon. Patali Champika Ranawaka, Hon. (Dr.) Harsha de Silva, Hon. (Dr.) Sarath Weerasekera, Hon. Eran Wickramaratne, Hon. Jayantha Samaraweera, Hon. S. M. Marikkar, hon. Shanakiya Rasamanickam, Hon. Madhura Withanage and Hon. Premnath C. Dolawatte and Auditor General, Mr. W.P.C. Wickramaratne, Secretary to the Ministry of Finance, Mr. Mahinda Siriwardana, Mr. Sujeewa Rajapakse, Chairman of People’s Bank, Mr. Ranjith Kodituwakku, the General Manager of the People’s Bank were present at this meeting held.

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