



PM Narendra Modi calls for strict action against corrupt bankers

NEW DELHI: By Aman Sharma, ET Bureau | Jul 06, 2018

Prime Minister Narendra Modi last week called for “strict action” against bank officials who indulge in corruption, frauds or criminal conspiracy, according to the minutes of the meeting of the multi-modal platform PRAGATI (proactive governance and timely implementation), underlining the government’s zero tolerance for any such activity.

The minutes of the June 27 meeting accessed by ET show that the PM issued these directions after conducting a review of issues regarding the banking sector with the Department of Financial Services (DoFS).

A few days before this meeting, on June 21, the Indian Banks Association (IBA) had condemned the spate of arrests and chargesheets by investigative agencies in alleged bank fraud cases and at an emergency meeting on June 22 sought setting up of an independent committee and inclusion of a Reserve Bank of India official as part of it to scrutinise charges against the bankers.

A senior official in the government, speaking on condition of anonymity, however said that the two developments — IBA’s complaints-cum-emergency meeting and the PM’s review meeting — were not linked.

VG Kannan, IBA's CEO and a former State Bank of India official had told ET on June 21 that the association had already taken up the matter with the DoFS in Delhi and the Maharashtra government.

The minutes of the PM's monthly review meeting on various sectors of the government, held six days later, say, "Strict action should be taken against bank officials/officers involved in misbehaviour/ harassment/ fraud/ criminal conspiracy/corruption etc."

The IBA had raised the red flag after Pune Police arrested five Bank of Maharashtra officials, including its CEO Ravindra Marathe, for allegedly colluding with a real estate developer to divert money and cheat shareholders.

In January, former IDBI chairman Yogesh Agarwal and four executives were arrested in a case linked to fugitive liquor baron Vijay Mallya's loan default. Several other officials of state-run banks face charges too.

At the June 27 PRAGATI review meeting, the PM also directed the DoFS to fix a time limit for disposal of insurance claim under its various schemes such as the Pradhan Mantri Jivan Jyoti Bima Yojna and Pradhan Mantri Suraksha Bima Yojna. Nearly 5.4 crore people have enrolled in the first scheme and nearly 14 crore in the latter.

Estimate Committee to quiz RBI Governor, others

JULY 5/ BUSINESSLINE

A Parliamentary Committee has summoned RBI Governor Urjit Patel and key Finance Ministry officials along with heads of five public sector banks and one private sector lender on July 10 and 11 to respond to queries on bad debts.

The Committee on Estimate, under the Chairmanship of Murli Manohar Joshi, will record evidence on the subject "Performance of Public Sector

Banks-Mechanism for Recovery of Bad Debts and Debt Recovery Tribunals.”

This will be second appearance of the RBI Governor within a span of one month before a Parliamentary Committee. On June 12, Patel appeared before another Parliamentary Committee, the Standing Committee on Finance, to respond to queries on bad debts and non-performing assets.

During the meeting, in a detailed written response, the RBI reiterated its demand for more power to regulate public sector banks effectively.

The interim Finance Minister, Piyush Goyal, said the government is open to giving more powers to the RBI to deal more effectively with frauds like the ones allegedly committed by diamond jeweller Nirav Modi in PNB.

In the forthcoming meeting, on Day 1, the Committee on Estimate will quiz the RBI Governor, the Finance Secretary (also holding charge of the Revenue Department) and the Economic Affairs Secretary along with heads of State Bank of India and Punjab National Bank. The Chief Economic Adviser and heads of Canara Bank, Bank of Baroda, Bank of Maharashtra and ICICI Bank will appear before the committee on the second day.

The meeting is taking place almost a week after the Finance Ministry accepted Sunil Mehta Committee’s report on handling NPA. It has suggested a transparent market-based solution with a focus on asset turnaround.

The whole concept has been named ‘Project Sashakt’ which aims to ensure the operational turnaround of the banks and stressed companies so that the asset value is retained.

According to a report by Crisil, as much as Rs 5 lakh crore of bank loans deteriorated into non-performing assets (NPAs) in fiscal 2018, taking the total slippages in the past three fiscals to Rs 13.6 lakh crore.

Vijay Mallya case: SBI sees UK's High Court enforcement order as a 'good positive step'

K.R.SRIVATS NEW DELHI, JULY 6 BUSINESSLINE



State Bank of India MD , Arijit Basu. (file photo)

Hopeful of recovering entire debt with worldwide asset freeze order

State Bank of India, the leader of consortium of 13 banks with exposure to economic fugitive Vijay Mallya, sees the UK's High Court enforcement order in the Vijay Mallya case as a "good positive step".

This would bolster SBI's efforts to recover the debts due to the 13 banks by the Vijay Mallya Group, Arijit Basu, Managing Director, SBI, said here on Friday.

"We are very confident that with this kind of worldwide asset freeze order we will be able to go after all the assets the Vijay Mallya Group has abroad so that we could maximise our recovery," Basu said.

Stating that SBI doesn't want the Indian banking system to be "shortchanged", Basu said that SBI would with the help of its overseas counsel go about enforcing the worldwide asset freeze order.

"We are very hopeful that going forward we will be able to recover our money. That is what we intend to do. We are extremely happy that this

has been a good coordinated effort by the government and investigative agencies”, he said.

Till date, the SBI-led consortium has been able to recover about Rs 970 crore of India-based assets of Vijay Mallya Group. The total exposure (including interest on loans outstanding) of the 13 consortium banks to the Vijay Mallya Group is estimated at about Rs 13,000 crore.

Basu said that SBI has already appointed valuers to look into the valuation of Vijay Malaya’s properties in London and other countries abroad. This is perhaps the first time that Indian banks are going after the assets located abroad of a wilful defaulter from India.

Banks agree not to undercut each other on loans

NEW DELHI, JULY 5 BUSINESSLINE

Public and private sector banks on Thursday brainstormed to firm up a model “inter-creditor agreement” (ICA) that would set the ground rules under which consortium lending and multiple-banking arrangements will be managed in the coming days.

The boards of banks are likely to consider the model agreement for adoption in the next few days, and it is expected to go “live” in the banking system by the month-end, Sunil Mehta, Non-Executive Chairman, PNB, told reporters here. Interim Finance Minister Piyush Goyal had an interaction with banks’ chief executives for over an hour.

Briefing reporters on the day-long deliberations that the bank chiefs had with their legal heads and other senior officials, Mehta said the discussion focussed on ‘Project Sashakt’, and how to strengthen banks in terms of credit capacity, credit culture and portfolio.

‘Project Sashakt’ refers to a recently unveiled five-pronged strategy to deal with non-performing assets.

Tackling glitches

An ICA — which will be voluntary for the banks — is expected to iron out the problems faced in consortium lending, help the banks work as a team and not in silos, and remove procedural glitches to ensure timely availability of credit to enterprises.

Mehta said the banks also agreed that they would be guided by the 66 per cent norm. This means the inter-creditor agreement will stand if 66 per cent of the lenders in a consortium agree to it.

The biggest benefit flowing from an ICA is that bankers will not try to “undercut” each other and in the process lead to everyone losing, said the CEO of a private sector bank. Secondly, all banks will speak in a single voice under consortium or multiple-banking arrangements.

This was absent earlier, another banker remarked.

Common framework

Bankers who attended the meeting said an ICA is the need of the hour.

Certain borrowers tend to pitch one bank against another in the consortium or multiple-banking arrangements, they said.

A common framework between the lenders will end such practices, they observed.

AIBEA THIS DAY JULY 7	
1994	High Power Committee of 4 Unions starts wage revision discussions with IBA (7 th Bipartite)
2002	AIBEA Delegation leaves for Damascus.(Com. K Vijayan, D Trivedi, N K Bansal and N S Ravindranathan)
2004	Strike in Syndicate Bank against Capital dilution



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