



Financial misrule, frauds plagued Modi's tenure

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The NDA government led by Narendra Modi over the last five years has caused more damage to the economy than giving a big impetus to the growth, a report said.

The economy took a severe hit with the mounting Non Performing Assets (NPA), policies (read Punishment) like Demonetisation, GST, Insolvency and Bankruptcy Code (IBC), Financial Resolution and Deposit Insurance Bill (FRDI), passing of electoral Bonds experiments with cashless economy and many other policy changes, according to a report by Financial Accountability Network India, a group of civil society activists.

The report makes a scathing attack on the financial mismanagement of the NDA government at a time when the incumbent Modi-led Bharatiya Janata Party government is seeking re-election on the basis of good governance.

Since the day Modi took over in May 2014, the corporates have benefitted over the expense of the common man. As many as 21 Public sector banks and three private banks have collected more than Rs 12,000 crore as a penalty for not maintaining minimum balance from 2014 onwards. The banks have written off Rs 3.16 lakh crore of NPAs during the same time – mostly belonging to large corporates. Almost 82% of the bad loans belong to the corporates, the report reveals.

"Banks should not charge fees and penalties for savings account holders. Financial Inclusion does not mean exploitation of people's savings after adding them in the banking system," the report said.

The country's largest lender – State Bank of India – that serves over 42 crore customers, started charging for not maintaining the minimum balance in 2017 and collected Rs 2,400 crore in next one year as a penalty for the same from savings account holders.

The loans written off between April 2014 and April 2018 by 21 public sector banks were 166% more than the amount written off in the previous 10 years till 2014. Of the entire gamut of NPAs, just 12 accounts, contribute Rs 1.75 lakh crore.

The authors of the report suggest that there are clear-cut connecting dots in all this. "While so much of money is written off for big defaulters, that money is being collected from us customers - in form of minimum balance charges, floating interest rates.

We have tried to talk to every regulator. The government doesn't listen. So clearly it is a part of a proper policy," Sucheta Dalal, Trustee, Money Life Foundation told DH.

The bad loans which have been written off are well over twice the projected budgetary expenditure on health, education and social protection for the year 2018-19 which was Rs 1.38 lakh crore, the report said.

Demonetisation effect

According to the report, post-demonetisation, the medium, small and micro enterprises witnessed job-losses totalling a whopping 45 million as their revenues dipped by 50%.

Demonetisation had brought down the employment ratio in the country with over 3.5 million people losing jobs within a span of four months (by February 2017) after the declaration in November 2016, by Modi.

The note-ban hit the growth by almost 2% percentage points, which has had a domino effect on India's economy over the years.

The country, under Modi's tenure, has also witnessed a sharp slowdown in gross fixed capital formation – from 34.3% of nominal GDP in fiscal year 2012 to 28.5% in fiscal year 2017, emancipating out of starker fall in capital formation at the at the household level, that fell from 15.7% of GDP to mere 9.1% during the same period.

Stark rise in frauds

There has been a stark rise in the frauds under Modi's tenure, as well. During 2016-17, about 4,693 frauds of more than Rs 1 lakh were reported; which increased to 5,904 in 2017-18, an increase of about 26%.

Over the same period, the value of these frauds increased from Rs 18,698.8 crore to Rs 32,361.27 crore – a jump of unimaginable 73%.

According to one of the reports by rating agency Fitch, Rs 3.5 lakh crore (\$48.88 billion) have not been recognised by banks in India as non-performing assets (NPAs).

Offence of causing simple hurt is not moral turpitude to sack bank employee: Supreme Court

NEW DELHI: 26 4 2019

THE TIMES OF INDIA

More than three decades after being sacked on the ground of moral turpitude for assaulting a person, the Supreme Court on Friday quashed State Bank of India decision to discharge the employee, saying that causing hurt could not be termed as a crime of moral turpitude.

The employee working as a messenger in SBI at Puducherry was discharged from service in 1986 after being convicted for causing hurt to a person. The bank removed him from job under section 10(1)(b)(i) of the Banking Regulation Act, 1949 which provided that conviction by a criminal court of an offence involving moral turpitude shall disentitle a person from continuing in employment of a banking company.

After fighting legal battle for almost 33 years, the bank employee P Soupramaniane got relief from the apex court which held that his termination of job was wrong as the offence for which he was convicted did not amount to moral turpitude.

The sacked employee, who attained the age of superannuation in 2012 during the pendency of the case, will however be getting 1/4th of the salary from the date of discharge till the date of retirement as back wages.

A bench of Justices L Nagesawara Rao and M R Shah said only those Acts which disclose depravity and wickedness of character can be categorized as offences involving moral turpitude and an offence of simple assault does not within it.

"There can be no manner of doubt about certain offences which can straightaway be termed as involving moral turpitude e.g. offences under the Prevention of Corruption of Act, NDPS Act, etc.

The question that arises for our consideration in this case is whether an offence involving bodily injury can be categorized as a crime involving moral turpitude.

In this case, we are concerned with an assault. It is very difficult to state that every assault is not an offence involving moral turpitude," the bench said.

A simple assault is different from an aggravated assault. All cases of assault or simple hurt cannot be categorized as crimes involving moral turpitude. On the other hand, the use of a dangerous weapon which can cause the death of the victim may result in an offence involving moral turpitude. In the instant case, there was no motive for him to cause the death of the victim. The criminal courts below found that the injuries caused to the victims were simple in nature. On an overall consideration of the facts of this case, we are of the opinion that the crime committed by him does not involve moral turpitude," it said.

The HC had also in 2009 quashed the decision of bank on the ground that the trial court released the employee on probation after conviction only to

permit him to continue in service. HC had also directed that he would be paid 1/4th of his salary for the period he remained out of job.

The apex court, which had stayed HC in 2009, upheld HC order but disagreed with its reasoning and quashed SBI's decision on the ground that the employee was not involved in an offence of moral turpitude.

ED writes to investigative bodies in Singapore, Hong Kong on Chanda Kochhar quid pro quo case

ECONOMCI TIMES, 24 4 2019

A day after the Enforcement Directorate summoned former MD & CEO of ICICI Bank Chanda Kochhar on May 3, in connection with the Videocon money laundering case, the agency today wrote to investigative authorities in Singapore, Hong Kong on Chanda Kochhar quid pro quo case, according to sources quoted by ET NOW. According to the same sources, the channel reported that the agency has sought the bank account details along with list of assets by Chanda Kochhar, Deepak Kochhar and Rajiv Kochhar.

ED also suspects that more family members of Chanda Kochhar are involved in money laundering via offshore structures. The ED had also asked Chanda Kochhar to make full disclosure to the probe agency in line with the one she made to RBI, SEBI and other regulators.

This development comes in the wake of evidence collected by ED, which implies that the former ICICI Bank MD & CEO was the sole beneficiary of the loans sanctioned to 'certain individuals' and 'firms'. The agency is also investigating the details of a \$530 million loan granted to Essar Steel Minnesota LLC during Chanda's tenure in 2010. Similar to the Videocon case, ICICI leading a consortium of banks had sanctioned \$530 million loan to Essar that turned into a non performing asset in 2013.

Jet Airways employee commits suicide in Maharashtra's Palghar

It was the first suicide of an employee since Jet Airways suspended operations.

Saurabh Vaktania Mumbai April 27, 2019



HIGHLIGHTS

- **The senior technician jumped off the terrace of his four-storeyed building**
- **He was facing financial problems as Jet employees haven't been paid for a long time**
- **He was suffering depression due to cancer and was undergoing chemotherapy**

A senior technician with Jet Airways committed suicide in Maharashtra's Palghar district due to depression as he was suffering from cancer, police said on Saturday.

Shailesh Singh (45) jumped off the terrace of his four-storeyed building in Nalasopara East on Friday afternoon, an officer said. The police said they have not found a suicide note as of yet.

A police officer said, "Singh was suffering from cancer for the last three years. He had stomach cancer. On Friday, he got discharged from the hospital. However, there was no relief from pain in his stomach. Singh was frustrated a lot due to the pain. Even after getting discharged from hospital his pain was unbearable. Doctors had suggested further chemotherapy."

As per functionaries of Jet Airways Staff and Employees Association, however, Singh was facing "financial constraints" as employees of the grounded airline have not got salaries for a long time.

"He was suffering from cancer and was undergoing chemotherapy. Prima facie, it seems he was suffering from depression due to the ailment," the officer said.

"On the same day, Singh left his home and went to one of the building's terrace. He went to Sai Pooja apartment, Oswal Nagri in Nalasopara East. He sat on the parapet (wall above the window) for a while. Meanwhile, people who saw him asked him to come down. However, moments later he jumped off from the building," the officer added.

According to the police, he was rushed to Alliance hospital but was declared dead before arrival.



Photo of Singh just before committing suicide sitting on the parapet.

"For the last three months, his financial condition was very bad. He had spent a lot on chemotherapy and other treatments. Also, his pain was getting unbearable, therefore he had gone in depression. His family has said that he was on leave without pay. However, what made him to commit suicide is still part of the investigation. We are waiting to take statements of the family members. There have gone out of town for rituals. No suicide was found," A police officer investigating the case said.

It was the first suicide of an employee since the airline suspended operations, these functionaries claimed.

The deceased's son is also working in the operations department of the airline, they added.

Singh is survived by his wife, two sons and two daughters.

An accidental death case has been registered and a probe was underway into the incident, the police official said.

RBI's revised guidelines for resolution of stressed assets likely before May 23

PTI New Delhi/Mumbai | April 28, 2019



The Model Code of Conduct for the Lok Sabha polls is unlikely to have any bearing on issuance of a revised framework for resolution of stressed

assets by the Reserve Bank and the guidelines are expected to be announced before May 23, sources said.

Against the backdrop of the Supreme Court quashing an RBI circular, issued on February 12, 2018, a revised set of rules is under works and would be released soon, they said.

Earlier this month, the Supreme Court had quashed the RBI's February 12 circular on stressed loan recognition and resolution of large borrowers over Rs 2,000 crore, terming it as "ultra vires".

"The model code of conduct exempts RBI's monetary policy. It is unlikely to attract any action if the RBI issues the revised (February 12) circular," sources said.

They said the central bank is in very advanced stage and the revised circular should be out before declaration of general elections result.

The counting for the ongoing Lok Sabha elections will take place on May 23.

RBI's concerns

The RBI is looking into all the concerns raised by various stakeholders including banks and power sector companies and may look to tweak the circular without diluting it completely so that the momentum towards resolution of stressed assets is not affected, sources said.

The February 12 circular had mandated banks to refer an NPA account for insolvency proceedings in case a resolution is not found within 180 days. This was for accounts where the outstanding dues was at least Rs 2,000 crore.

Under the RBI norms, an account is classified as a non performing asset (NPA) if it is not serviced for 90 days.

Sources said various options are being explored for rejigging the NPA framework. One of the options is giving 30-60 days more time in addition to existing 90 days before initiating resolution process for stressed accounts, they added.

While the 90-day period for recognising an account as NPA would remain, the central bank would be looking at providing more leeway for the entities concerned to repay the loans, they said.

Sources said that providing additional time for repayment would help in mitigating hardships faced by micro, small and medium enterprises (MSMEs) to some extent.

In a report last year, the government had favoured additional 180 days to be provided for resolution of 34 stressed power projects with a view to avoiding potential value erosion of operating plants. The Supreme Court quashed the circular following a petition filed by around 70 stressed companies from the power, shipping and textiles sectors.

A parliamentary panel was among the critics of the now impugned circular.

“Although the new guidelines have been termed as harmonised and simplified generic framework, yet they are far from being so,” the standing committee on energy said in its report tabled in Parliament last year.



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