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Bank Frauds: Time To Put RBI in the Crosshairs

Sucheta Dalal 12 March 2018 6

Moneylife – News and Views

The Reserve Bank of India (RBI), as a banking regulator, is obliged to maintain the stability of the banking system and to ensure that it does nothing to engender a run on the banks through knee-jerk actions. In India, this has been interpreted to allow RBI to enjoy complete lack of accountability to the public, until its failure to initiate action borders on criminal negligence.

What is worse, its policy of forbearance has led to banks operating like a cabal that has captured the regulator through multiple cosy relationships. The victims are we, the people. We are affected through increasing cost of services (to fund the losses due to bad loans), the regular failure of cooperative banks (failed supervision) and disruption caused by drastic action following every scam (failure of leasing and finance companies in the 1990s which hurt thousands of fixed deposit-holders).

Many have been fighting lonely battles to shine the light on RBI's inspection and supervision but, unless policy-makers hear them, nothing will change

And, yet, RBI remains comfortably protected in its ivory tower. It is not questioned for its failures (failed supervision of National Housing Bank, Global Trust Bank, cooperative banks and overseas corporate bodies). All these are dwarfed by the criminal neglect of the gigantic bad loan problem, which has been ignored and buried by three successive governors, even after the bank unions had begun to agitate about the problem and warn about the consequences. Individual officials have never been questioned for their inaction in half a century.

Can this continue? At a time when the pressure to privatise public sector banks (PSBs) is mounting and the government has introduced a Bill to use depositors' and shareholders' money to recapitalise banks (Financial Resolution and Deposit Insurance Bill 2017), it is imperative that we demand transparency and accountability at the supervisory level as well.

Plenty of individuals have been fighting lonely battles to shine the light on RBI's inspection, supervision and redress mechanism; but, policy-makers are unmoved, even though bad loan figures are already mind-numbing.

Consider these. On 6th March, finance minister (FM)Arun Jaitely told the Rajya Sabha that loans worth Rs81,683 crore were written-off by PSBs in 2016-17 alone. While the FM claimed that these technical write-offs are for tax benefit and capital optimisation (and borrowers continue to be liable for repayment), this is mere eyewash.

It is abundantly clear that recovery from loans written off, in the biggest cases that are now being sold under bankruptcy law provisions, is less than 20%. The losses are real and will eventually be paid by the exchequer. In fact, Dr KC Chakrabarty, former deputy governor of RBI, has repeatedly called such write-offs a massive scam.

These write-offs have burgeoned to unsustainable highs and are still mounting. Check out the third quarter results posted by six leading PSBs. Corporation Bank announced a stand-alone net loss of Rs1,240 crore (against a net profit of Rs159 crore in the previous comparative period); Central Bank of India's losses increased to Rs1,664 crore; the giant State Bank of India reported a loss of Rs2,416 crore (its bad loans are a massive Rs1.99 lakh crore); Syndicate Bank's loss was Rs870 crore, United Commercial Bank's was Rs1,016 crore and Andhra Bank's Rs532 crore.

The losses are covered by the public exchequer through frequent recapitalisation of banks. This essentially means that the poorest Indians, who have no food to eat, are being deprived because taxpayers' money is funding the loot by our biggest industrialists. The government has already announced a Rs211-lakh crore recapitalisation package for PSBs over a two-year period; but experts believe that this figure would eventually double. The Nirav Modi-Geetanjali and Rotomac scandal alone will add over Rs20,000 crore to the estimated Rs52,717 crore lost by banks to financial frauds in the five financial years from April 2013.

Public anger over the ease with which businessmen have defrauded banks and fled India, while flaunting dizzyingly lavish lifestyles is extremely high. It is also clear that the government was clueless about the source of the loot, when it disrupted the economy with a painful demonetisation programme which yielded zero results. Here, too, the government is busy arresting junior officials, without attempting to fix the lax and non-transparent regulation, inspection and supervision structure. This structure has systematically thwarted every attempt by individuals to blow the whistle on mounting frauds. RBI ought to have been warning the government, instead of going along with an ill-planned demonetisation exercise that tied up precious resources and disrupted operations. Let me cite just three examples of specific whistle-blowing that were ignored.

- The chief vigilance officer of Punjab National Bank (PNB) had emailed RBI deputy governor SS Mundra and the Central Vigilance Commission (CVC) seeking a special investigation of the Brady House branch of PNB where the Nirav Modi scam was hatched. It was ignored.
- ZB Inamdar, a senior manager at Bombay Mercantile Cooperative Bank, has filed a public interest litigation (PIL), after a decade-long attempt to get RBI to act on detailed and specific complaints of large-scale corruption by the management. The Bank is now on

the verge of collapse and Mr Inamdar was systematically victimised.

- In July 2012, a Bank of Maharashtra (BoM) whistleblower, Devidas Tuljapurkar, raised questions about a Rs150-crore loan sanctioned to Vijay Mallya. He said, the credit approval committee headed by the chairman had altered all key sanction terms, including the loan amount, interest rate and security. Instead of investigating the complaint, RBI forwarded it to the Bank in a manner that exposed the whistleblower who was then threatened with dismissal. It was only media coverage that forced the Bank to step back. It also ensured that loan exposure to Mr Mallya, which could have touched Rs1,000 crore, remained in check. Ironically enough, like PNB, BoM bagged the best-bank award at the prestigious BANCON that year.

The government is busy arresting junior officials, without attempting to fix the lax regulation, inspection and supervision structure

The Corporation Bank officers' union has long played the role of a strong whistleblower; but it was, eventually, defeated by government inaction and the Bank is now making huge losses. Even before the Nirav Modi scam erupted, the union newsletter had highlighted the sharp increase in bank frauds.

RBI's failure to act on these complaints is particularly egregious, since it ignored many specific warnings. Moreover, it had framed a detailed process for reporting wrongdoing under the Protected Disclosures Scheme for private sector and foreign banks. PSBs are already under the CVC. This is in line with a Supreme Court order that top officers of private banks are also public servants and subject to the Prevention of Corruption Act and, hence, subject to CVC scrutiny.

Worse, it has used legal firepower to defy orders of the Central Information Commission (CIC) and the Supreme Court to release information related bank fraud, defaults and findings of inspection reports as well as action taken. The Securities and Exchange Board of India's (SEBI) attempt to force immediate disclosure of defaults has been stymied by banks, apparently with support from the finance ministry and RBI. But what happens when the regulator refuses to act on complaints?

It smacks of regulatory capture. This is already evident from the RBI's silence over mis-selling of insurance, mutual funds and wealth management products, despite intense pressure from consumer organisations demanding action. In February, the Caravan magazine published an anonymous letter by a civil servant about how KMPG, a consulting major, was able to capture significant assignments by hiring children and relatives of government bureaucrats. A similar investigation into the progeny and relatives of RBI officials employed with banks and other regulated entities will reveal startling information. Is it any wonder that even the banking ombudsman has a pathetic record of redress?

Bank privatisation is not the golden answer to the banking mess. This is because, while businessmen are busy cheating PSBs, private banks are busy cheating retail investors with rampant mis-selling of products and usurious charges. Putting the savings of the entire nation in the hands of private banks will create another set of problems. Interestingly, both these issues have the same roots: lax and corrupt banking supervision. When will the government put RBI in its crosshairs and launch a long overdue clean-up?

Vigilance against fraud shouldn't hurt legitimate borrowers

For larger amounts, appropriate approvals at higher levels needed, say industry players

BENGALURU, MARCH 7

BusinessLine

The RBI should make banks more accountable by tracking bad loans on a daily basis which will go a long way in streamlining the banking system and providing necessary confidence to the public.

At the panel discussion on the 'NPA Conundrum', K Ravi, a chartered accountant and president of Federation of Karnataka Chambers of Commerce and Industry, said bankers, policy-makers and the RBI should ensure that the vigilance and precaution needed to check frauds should not come in the way of legitimate borrowers.

Vageesh NS, the banking editor of ***BusinessLine***, set the tone for the discussion seeking answers to whether all the three institutions — banks, the government and the regulator — were responsible for the current crisis facing the financial sector.

Ravi pointed out that "a clear set of guidelines, especially in public sector banks, have to be put in place with appropriate approvals at higher levels for larger amounts. The government has to make a distinction between criminal jurisprudence and economic prudence."

He said that among the borrowers, SMEs have quite a good record with 95 per cent of them being good borrowers.

Ashwini Mehra, a former deputy managing director of State Bank of India, said as on September 2017, NPA levels in the country stood at around 10.5 per cent with NPAs in the farm sector at 6.4 per cent, services sector at 5 per cent plus, and 2.1 per cent in retail loans.

He said there was a good degree of honesty and nearly zero defaults in the micro-finance sector. "MFIs are nimble footed. They work on the principle of self-help in groups. By forming joint liability groups, each one is responsible to each other.”

Khaitan & Co’s associate partner for banking practice, Udayarkar Rangarajan, said there is a possibility of something positive coming out of the current crisis involving Punjab National Bank. The Indian Banking Code has clear-cut guidelines, which should help banks improve their performance and clean up the balance sheets on their own.

Prabal Basu Roy, Sloan Fellow of the London Business School and former director/CFO in various companies, traced how NPAs have fared since the country ushered in economic liberalisation.

“The leadership (government) has lost the race. Look at the Satyam scam, scams involving the coal sector and now the Punjab National Bank scam. It is here that the role of the whistle-blower becomes more important,” he said, adding that even though banks have six levels of audit, inability to detect the red flags is a cause for concern.

He also wanted reduction in human intervention. Advancements in fraud detection systems like biometrics, AI, analytics and blockchain opportunity need to be explored, he said. V Nanda Kumar, Vice-President and Zonal Head of Federal Bank, said: “Post 2008-09, we were boasting how robust the Indian banking system is. See now what has happened. The quantum of stressed assets is increasing rapidly.”

“Despite having the SARFAESI Act and KYC, why is the system failing? Of the Rs.8.5 lakh crore stressed assets in the country, PSU banks’ share is Rs.7.5 lakh crore and the balance is with private sector banks. For this, I think, it all starts with the assessing of the loan portfolio,” he added.

“For farm loans, wavier is another major reason for the NPA pile-up. Instead of loan waiver, why can’t we lower fertiliser prices,” he asked.

Bankruptcy Board invites public comments on issuing regulations

IANS 8 March 2018

The Insolvency and Bankruptcy Board of India (IBBI) on Thursday invited comments from the public on its proposal to make regulations that will govern the process of making regulations and consulting the public.

The IBBI has invited comments, including from stakeholders and "the regulated", on its website by March 31, 2018, on its draft Mechanism for Issuing Regulations.

Noting that public consultation enables collective choice and, thus, plays an important role in evolving a regulatory framework, a Corporate Affairs Ministry statement here said: "The IBBI has evolved a transparent and consultative process to make regulations.

"The process generally starts with a working group making draft regulations. The IBBI puts these draft regulations out in public domain seeking comments thereon.

"It holds a few round tables to discuss draft regulations with the stakeholders and takes advice of its advisory committee."

"This process endeavours to factor in ground reality, secures ownership of regulations, imparts democratic legitimacy and makes regulations robust and precise, relevant to the time and for the purpose."

State-run banks wrote off Rs81,683 crore loans in FY17

IANS 07 March 2018

State-run banks have written off loans worth Rs 81,683 crore during fiscal 2016-17, Parliament was informed on Tuesday.

Finance Minister Arun Jaitley told the Rajya Sabha in a written reply that loans are written off for tax benefit as well as capital optimisation, while borrowers of such loans continue to be liable for repayment.

"Therefore, write-off does not benefit borrowers," the Minister said.

The amount written off by public sector banks (PSBs), including through compromise, during 2016-17 was Rs 81,683 crore, including Rs 20,339 crore by the State Bank of India, Jaitley said.

During the ongoing fiscal, up to September, 2017, the amount written off by PSBs was Rs 28,781 crore, he added.

As per the Reserve Bank of India (RBI) guidelines and the policy approved by bank boards, non-performing assets (NPAs), or bad loans, including those for which full provisioning has been made on completion of four years, are removed from the bank balance-sheet by way of write-off.

The recovery of dues takes place on ongoing basis under legal mechanisms, including the Secularisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, Debts Recovery Tribunals and Lok Adalats, Jaitley added.

In another reply to the Rajya Sabha, Minister of State for Finance Shiv Pratap Shukla said in the five financial years since April 1, 2013, banks have reported 13,643 cases of fraud involving a total amount of Rs 52,717 crore.

The Minister's statement follows the unveiling last month of the Rs 12,600-crore fraud on state-run Punjab National Bank by accused diamantaire Nirav Modi and his uncle Mehul Choksi of Gitanjali Group.

PNB fraud: Gitanjali Group VP sent to police custody, ED to issue LRs to over 15 countries

IANS

07 March 2018

A Mumbai court on Tuesday sent the Vice President of Banking Operations of Mehul Choksi's Gitanjali Group, Vipul Chitalia -- who was arrested in connection with CBI's ongoing probe into the multi-crore PNB fraud case -- to police custody till March 17, officials said.

In a related development, the Enforcement Directorate, which is also probing the Rs 12,600-crore Punjab National bank (PNB) fraud case, has decided to send Letters Rogatory (LRs) to over 15 countries against diamond jeweller Nirav Modi and Choksi.

"Vipul Chitalia was arrested by the agency officials after a brief questioning. He was produced before a court which sent him to police custody till March 17," a Central Bureau of Investigation (CBI) official told IANS in Delhi.

Earlier in the morning, he was taken away from the Mumbai airport by the CBI, soon after he landed in the city.

The CBI official also said that Chitalia had fled the country along with Nirav Modi in January this year.

According to CBI officials, he was allegedly responsible for handling unauthorised letters of undertaking (LoUs) and letters of credit and maintaining contact with bank officials.

The agency official also said that they have questioned four more treasury department officials of General Manager and Assistant General Manager rank of the bank.

Choksi, along with Nirav Modi, has been accused of defrauding the PNB of Rs 12,600 crore, with Rs 1,300 crore being added to the fraud kitty on February 26.

The CBI had filed the first FIR in the scam on February 14 against Nirav Modi, his wife Ami, brother Nishal, uncle Choksi and his firms Diamond R US, Solar Exports and Stellar Diamond.

Modi, his family and Choksi had left the country in early January.

The CBI filed a second FIR on February 15 over a Rs 4,886.72-crore fraud against Choksi's Gitanjali Group.

An ED officials said that the Directorate will issue LRs to over 15 countries against Nirav Modi and Choksi.

He said that the agency would be sending the LRs to countries like the United States, the UK, the UAE, Hong kong, Singapore, South Africa and others where their companies had spread their businesses.

On Saturday, an anti-money laundering court in Mumbai had issued non-bailable warrants (NBWs) against absconder diamantaires Nirav Modi and Choksi.

Meanwhile, a Mumbai special court on Monday permitted the ED to issue LRs to six countries for identifying and seizing properties of the absconding diamond traders.

To date, the Enforcement Directorate (ED) has carried out searches at over 198 locations across the country and seized properties worth nearly Rs 6,000 crore, while the CBI has arrested at least 19 persons in the case so far.

ICICI's Kochhar, Axis' Sharma summoned in PNB fraud case

IANS 06

March 2018 2

ICICI Bank chief Chanda Kochhar and Axis Bank's Shikha Sharma have been summoned by an anti-fraud agency in the bank fraud case involving jeweller Nirav Modi and his partner and uncle Mehul Choksi.

Kochhar and Sharma will appear before the Serious Fraud Investigation Office in Mumbai on Tuesday afternoon, sources in the agency said.

The sources said the two top bank officials were summoned for giving loan facility to Gitanjali Group and would be questioned.

ICICI Bank is believed to have extended a loan of Rs 1,000 crore and Axis Bank Rs 700 crore last year to Gitanjali Gems of Choksi.

According to another source, officials of country's largest lender State Bank of India have been called for questioning.

Both Modi and Choksi are alleged to have frauded Punjab National Bank with Rs 12,600 crore. They have since fled from country.

BI slaps penalty of Rs3 crore on Axis Bank, Rs2 crore on IOB

IANS 06 March 2018

The Reserve Bank of India (RBI) has imposed a penalty of Rs3 crore on private sector Axis Bank for violation of non-performing asset (NPA) classification norms, and Rs2 crore on state-run Indian Overseas Bank (IOB) for not complying with the Know Your Customer (KYC) regulations, the banking regulator said on Monday.

A statutory inspection of Axis Bank, with reference to its financial position as on March 31, 2016, revealed "violations of various regulations issued by RBI in the assessment of NPAs", or bad loans, the central bank said in a statement.

"The RBI has imposed, on February 27, 2018, a monetary penalty of Rs 30 million on Axis Bank Ltd for non-compliance with the directions issued by RBI on Income Recognition and Asset Classification (IRAC) norms," it said.

NPAs in the banking system have crossed the staggering level of Rs 8.5 lakh crore, of which state-run banks account for Rs 7.5 lakh crore.

In a separate release regarding Indian Overseas Bank, the RBI said that a fraud was detected in one of the branches of IOB, resulting in the regulator imposing a penalty of Rs 2 crore on the government-owned bank.

"The examination of the documents, including the bank's internal inspection report, revealed, inter alia, non-compliance with the directions issued by RBI on KYC norms", RBI said.

The central bank also said the action on the two commercial banks is based on deficiencies in regulatory compliance "and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers".

Last month, the banking system was rocked with the unveiling of the Rs 12,600 crore fraud on state-run Punjab National Bank by the accused diamantaire Nirav Modi and his uncle Mehul Choksi.

PNB fraud: NCLT bars 64 firms from selling assets

IANS 5 March 2018

The National Company Law Tribunal (NCLT) has restrained over 60 companies, including those belonging to Rs 12,600-crore PNB fraud accused Nirav Modi and his uncle Mehul Choksi, from selling their assets, according to a government announcement on Sunday.

The ex-parte NCLT order was passed on a petition filed under various sections of the Companies Act 2013 by the Union Corporate Affairs Ministry last week before the Mumbai bench of the NCLT, the ministry said.

The NCLT has granted an injunction against the specified entities from "removal, transfer or disposal of funds, assets and properties" till further orders, the announcement said.

The order restraining 64 entities include those of Nirav Modi, Mehul Choksi and some companies related to the fraud on Punjab National Bank

(PNB). These include Gitanjali Gems, Gilli India, Nakshatra Brands, Firestar Diamond, Solar Exports and Stellar Diamond.

According to the ministry, the NCLT has posted the matter for further hearing on March 26 when the entities concerned have been asked to present before the tribunal, failing which the matter would be heard ex-parte.

Besides the PNB, several other government-owned banks, including Bank of Baroda, Oriental Bank of Commerce and Corporation Bank, have reported fraud in the recent period.

PNB holds Gitanjali responsible for Rs1300 crore fraud; appoints forensic auditor

IANS 01 March 2018

The recently announced escalation in the Punjab National Bank (PNB) fraud amount by Rs 1,300 crore is attributable to Nirav Modi's uncle Mehul Choksi-owned Gitanjali Gems, the bank said in a clarification on Thursday.

In another clarification, the bank said it had assigned forensic audit to BDO India, the Indian arm of US-based firm to look into details of five companies involving Modi.

In a note to the stock exchanges, PNB said the latest fraud of Rs 1,300 crore was committed on March 2, 2017.

With this, Gitanjali's amount of fraud goes up to Rs 6,186.72 crore in the total kitty of Rs 12,600 crore. The rest of the amount is attributed to the Nirav Modi group.

"Issuance of FLC (Foreign Letters of Credit) is a contingent liability and may fall upon Bank in case of non-payment by opener of FLC. However we have adequate assets/capital to meet any liability which may be crystallised on us as per law of land," the bank said.

The bank reiterated that the fraud has already been reported to regulatory authorities. "The announcement made to the Exchanges is about possibility of increase in amount of fraud."

Regarding bids for the forensic audit, the bank said that bid from BDO India LLP was Ll and after negotiations with them, the company had been appointed as Forensic Auditor for five group companies of Nirav Modi on February 2, 2018.

Headquartered in Belgium, Binder Dijker Otte or BDO is an international network of public accounting, tax, consulting and business advisory firms which deals with professional services under the name of BDO. BDO has member firms in 162 countries.

The bank also clarified through a tweet on Thursday, that the Reserve Bank of India (RBI) had done risk-based supervision of the bank on an annual basis.

"There have been reports in a section of media that Reserve Bank of India has not conducted any audit at Punjab National Bank Brady House, Mumbai branch since 2009. It may be clarified that RBI does risk-based supervision of the bank on annual basis." the bank said through its twitter handle.

In another regulatory filing on Thursday PNB Ungam Venkata Prabhakar had assumed the charge as Executive Director of the bank on March 1, 2018.

It also added Ram S. Sangapure has demitted the office of Executive Director on February 28, 2018 after attaining the age of superannuation.

Friendly play between banks and crooked large borrowers

Sucheta Dalal **28 February 2018 Moneylife**

The Finance Ministry's decision to ask public sector banks (PSBs) to examine and report all bad loans above Rs50 crore for possible fraud in the next 15 days, could not have come a day too soon. The Nirav Modi and Rotomac Global scams are unravelling almost like the Harshad Mehta scam of 1992, with daily revelations of multiple types of funds being extended to large business and worse, a nice collusive network that would allow the scheme to continue by finding new ways to rip off the system. Consequently, the size of the scam is already well past Rs 20,000 crore with dubious deals running into several hundred crores popping up everyday.

On 28th February, the Central Bureau of Investigation (CBI) registered another fraud involving Rs515.15 crore lent by a consortium of banks to RP Infosystems. A first information report (FIR) against the company's directors reveals that the bank allegedly cheated in this case is once again the loss making IDBI bank, which was also made a highly dubious loan of Rs900 crore to absconding industrialist Vijay Mallya against the security of his Kingfisher Airlines brand.

Consider how the collusive nexus goes around.

1. The Nirav Modi scam began with the revelations of how he had colluded with Punbaj National Bank officials to compromise the SWIFT system and issues letters of undertaking (LOU) running into thousands of crores.

2. These LOUs were then honoured by a consortium of banks, who now claim that there were not aware that they were fraudulently issued. We have no way of knowing if this is true since it seems hard to imagine that prudent bankers would not worry about the strange generosity of Punjab National Bank (PNB) towards Nirav Modi. Banks usually work and lend in consortiums and are fully aware of the finances, borrowers and sources of fund of large entities. In this case, the generosity extended to Nirav Modi and his uncle Mehul Choksi's highly controversial jewellery business.

3. On 26th February, India Today revealed that a consortium of 31 banks had lent another Rs5,280 crore as working capital facility to the Geetanjali group in 2016, above and beyond other lending. Interestingly, while the consortium was led by ICICI bank, it was Punjab National Bank that was the biggest lender having offered Rs587 crore. While the PNB management has tried to pin the blame only on junior officials who

colluded with Modi and Choksi, the top brass needs to explain this generosity to a controversial group, when the Bank was the worst affected bank in the Rs6,800 crore Winsome Diamonds scam of Jatin Mehta.

4. The question of how banks hoped to recover their generous loans is answered in a report in the Times of India . It says that Nirav Modi has hoped to repay banks by raising money thorugh an Initial Public Offering (IPO). In effect, the ponzi would have continued with the investing public buying into the IPO. This again would include dubious institutional investors, mutual funds and others who would to pass the dirty parcel of loans on to retail investors over time.

5. The most glaring example of such collusion between banks and private sector companies is documented in an order of the Debt Recovery Tribunal (DRT) of Allahabad, as far back as 1 July 2017. The explosive order, reported by the Times of India on 25 February 2018 shows that the misuse of credit facilities was already documented before the Nirav Modi scam burst into the public domain and explains the haste with which Bank of Baroda filed a complaint. The DRT, in its report had already "pegged the total recoverable amount at Rs4,290 crore" and said it was the result of "friendly play" between banks and the Kothari gorup. The order says, "I am of the opinion that because it is a friendly play between the bank and the borrower and there is ample evidence on record that the bank has facilitated the borrowers with all accommodations and even after commission of default, applicant bank was considering and exploring ways to give more credit facilities to the borrowers and further bank has failed to disclose money advanced to a 100% owned subsidiary of defendant company in Singapore". It further said, "If competent authorities conduct forensic audit more things will come out to unearth modus operandi and mismanagement of public funds to facilitate financing to the convenience and dictates of borrowers". The tribunal was shocked at issue of "letters of credit in a short span" to the Rotomac firms and said, "it is astonishing that bank has granted huge credit facilities to defendants without any securities and just on personal guarantee".

The Narendra Modi government has to restore its own credibility with a hard crack down to break this dubious nexus and make senior bankers more accountable. It has indeed send a couple of important signals in this direction. That the Central Bureau of Investigation (CBI) called the former chairperson of PNB, Usha Ananthasubramaniam for questioning (although not as a potential accused) is one of these. She is now chairperson of Allahabad bank, which, as one will explain later, has its fair share of dubious lending. More importantly, she also heads the Indian Banks' Association (IBA), which has been operating as a lobbying group for banks and is responsible all banks charging customers heavy charges for every service that ought to be free, given the high spreads that banks earn on customer deposits.

The plan to activate the National Financial Reporting Authority, to take away the review and disciplinary functions of the Institute of Chartered Accountants of India (ICAI) is another important step, so long as the new body is made accountable to parliament and subject to public hearing by a select committee like the US.

A lot more needs to be done to shake up large industrialists into finding ways to return the money they have siphoned off from banks. Most of them remain stupendously wealthy with a vast stash of wealth overseas, which will not be returned until they are made to feel some pain. That calls for committed and creative pursuit of corruption. Is the current government up to it?

AIBEA THIS DAY – 13 MARCH	
1954	Formation of Corporation Bank Employees Union
1983	All India Gramina Bank Emp. Association formed at Varanasi – Com. A Sundara Rao, President.
1996	Com. N Sampath, R D Trivedi, I B Shah, N P Munjal - AIBEA Delegation visits Malaysia under trade union exchange delegation programme.

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