



Is Bank of Maharashtra being singled out among a dozen of lenders for bad loans of DS Kulkarni Group?

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Being a well-known real estate developer, Deepak Sakharam Kulkarni alias DSK and his family along with the DSK Group had business relations with many lenders, including banks and non-banking finance companies (NBFCs).

Many of them have provided loans to various companies in the DSK Group. However, in the ongoing probe related with defaults and cheating by DS Kulkarni, his wife Hemanti and son Shirish, all of a sudden on Wednesday, the Economic Offences Wing (EOW) of Pune Police arrested Ravindra P Marathe, Managing Director (MD) and Chief Executive (CEO) of Bank of Maharashtra along with five others for allegedly misusing their power to sanction and disburse loan to DSK Group.

Those arrested include the Bank's former Chairman and MD Sushil Munhot, Executive Director Rajendra K Gupta, and Zonal manager Nityanand Deshpande.

For a while, the Central Bureau of Investigation (CBI) has been going after bank officials but by all accounts, this could well be a case of overreach.

According to the investigators, the bank executive and officials colluded with the DSK Group "with dishonest and fraudulent intentions to sanction

and disburse the amount of the bank (BoM)" under the garb of loans and the money was later siphoned off.

Pune based RTI activist Vijay Kumbhar, who has also been instrumental in unearthing the DSK defaults alleges, "The officers of Bank of Maharashtra colluded with DSKDL and misused their power and authority possessing a dishonest and fraudulent intention to sanction and disbursed the amount of Bank under the garb of loan which was siphoned off."

As per the statement issued by BoM, its exposure in the consortium lending to DS Kulkarni Developers Ltd (DSKDL) is only Rs94.50 core as against sanctioned amount of Rs139 crore. The Consortium is led by State Bank of India (SBI) with 33.33% of the lending, followed by Union Bank of India (UBI), Syndicate Bank and BoM, each with Rs100 crore or 16.67%, IDBI Bank Ltd with Rs75 crore or 12.50% and Vijaya Bank with Rs25 crore or 1.46% stake in the lending of Rs600 crore.

The question, however is in this scenario, why top management of Bank of Maharashtra is being held responsible for lending to DSK Group? Why no action is initiated on other lenders, if the Pune Police have evidence of any wrong doing in the consortium-based lending process?

Interestingly, shareholders of the Bank, including employees and unions have come out in support of its top executives and raised voice against their arrest.

All India Bank of Maharashtra Employees Association and BoM Officers Association, both affiliated with **All India Bank Employees Association (AIBEA)**, feel the Police have been overzealous while arresting top executives of BoM. In a statement, they say, "As a union, we are for accountability of the top management including MD and Executive Directors, but here in this case, investigative agencies have overstepped looking to the way in which they (the top executives) were taken into possession and ultimately kept in custody. This has happened a day early to the annual general body meeting of Bank's shareholders. This coincidence is inexplicable."

"In the process, irreparable damage is caused to the image of the Bank. As we perceive this in a conscious attempt to damage images of the public sector banks (PSBs) by keeping aside core issues of recovery of bank dues from big corporates and enabling legal framework to assert with them, who are the main culprits. This is conscious attempt to divert focus from core issues. If investigative agencies to on hounding, ultimately bank officials will stop taking decisions and precisely this is what is happening today in banking industry. As on March 2018, the banking credit growth is minus 1.99% compared with the same in March 2016," the unions say.

Both AIBEA and Indian Banks' Association (IBA) have condemned the spate of charge sheets and arrests of bankers by investigative agencies. AIBEA General Secretary CH Venkatachalam, in a letter to Rajiv Kumar, Secretary, Department of Financial Services, said, "If there is any involvement of corruption of the present or past executives of BoM in sanctioning these loans, stringent action needs to be taken against them but so far no such involvement have been alleged against them. From AIBEA, we have been demanding tough action against criminal borrowers and corrupt executives so as to rid the banking system of these malpractices. But defaming PSBs and harassing the executives, who are not involved in the scam, will only demoralise the workforce."

Speaking with Economic Times, VG Kannan, Chief Executive of IBA says, "To slap a criminal case against bankers for sanctioning loans is silly. We have already taken up the matter with the department of financial services in Delhi and the Maharashtra government here. Both claim ignorance about why these arrests happened and have promised all cooperation. We plan to meet on Friday and decide what to do next."

For its financial needs, DSK Group banked with several lenders most prominent among them are Bank of Maharashtra and Bank of Baroda. DSKDL had taken a loan of Rs1,498.15 crore from BoM, ICICI Bank, The Kalyan Janata Sahkari Bank, Aditya Birla Finance, Bajaj Finance, Syndicate Bank, Kotak Mahindra Bank, HDFC Bank, Central Bank of India, and SREI Equipment Finance.

Sr No	Name of Company	Loan Amount In Crores RS	Directors	Banks
1.	D S Kulkarni Developers Ltd	1,498.15	Deepak Sakharam Kulkarni, Shirish Deepakkulkarni Hemanti Deepak Kulkarni, Vijaykumar Nathu Jagtap, Sahindra Jagannath Bhawale, Rohit Subhash Purandare	Bank of Maharashtra, ICICI Bank, The KalyanJanta Sahakari Bank, Aditya Birla Finance, Bajaj Finance, Syndicate Bank, Kotak Mahindra Bank, HDFC Bank, Central Bank of India, SREI Equipment Finance,
2.	Dsk Motors Private Limited	399.45	Shirish Deepak Kulkarni, Amit Deeak Kulkarni, Tanvi Shirish Kulkarni	Toyota Financial Services India, JM Financial Products, Kotak Mahindra Prime, Religare Finest, Lakshmi Vilas Bank, Syndicate Bank, Bajaj Finance, Union Bank, ICICI Bank
3.	Dsk Global Education And Research Limited	345.20	Shirish Deepak Kulkarni, Hemanti Deepak Kulkarni, Tanvi Shirish Kulkarni, Nikita Laxmana Shettigar, Vinod Philips, Uma Panse	ICICI Bank, ICICI Home Finance Company, Central Bank of India
4.	Holy Land Agroforestry Private Limited	116.16	Hemanti Deepak Kulkarni, Anuradha Ramchandra Purandare	Bank of Maharashtra and Bank of Baroda
5.	Green Gold Farms And Forests Private Limited	4.40 c	Hemanti Deepak Kulkarni, Anuradha Ramchandra Purandare	Bank of Baroda
6.	Dsk Digital Technologies Private	30.00	Hemanti Deepak Kulkarni, Anuradha Ramchandra Purandare, Vinod Philips	Axis Bank
7.	DSK SOUTHERN PROJECTS PRIVATE LIMITED.	30.00	Deepak Sakharam Kulkarni, Thumpudi Srikant Bhagwat	STCI Finance
8.	Dsk Studios Private Limited	10.00	Hemanti Deepak Kulkarni, Anuradha Ramchandra Purandare, Shirish Deepak Kulkarni, Tanvi Shirish Kulkarni	SREI Equipment Finance
9.	Chandradeep Promoters And Developers Pvt Ltd	10.00	Anuradha Ramchandra Purandare, Amit Deeak Kulkarni,	Bank of Baroda
10.	Vastu Visharad Promoters And Developers pvt	4.40	Anuradha Ramchandra Purandare, Vijayanti Mudgal	Bank of Baroda
11.	DSK MOTOTRUCKS PRIVATE LIMITED	4.40	Shirish Deepak Kulkarni, Anuradha Ramchandra Purandare, Vijayanti Mudgal	Union Bank of India and Sangli Urban Co-Operative Bank
12.	Dsk Motowheels Private Ltd	25	Shirish Deepak Kulkarni, Anuradha Ramchandra Purandare, Vijayanti Mudgal	Union Bank of India, Sangli Urban Co-Operative Bank Ltd, Samarth Sahakari Bank Ltd. Solapur, The Kalyan Janata Sahakari Bank Ltd.
13.	Ascent Promoters And Developers Private Limited.	161.76	Hemanti Deepak Kulkarni, Vijayanti Mudgal	BANK OF MAHARASHTRA, Sangli Urban Co-Operative Bank Ltd, BANK OF BARODA, Samarth Sahakari Bank Ltd. Solapur, The Kalyan Janata Sahakari Bank Ltd.
14.	Grow Rich Agroforestry Private	170.16	Hemanti Deepak Kulkarni, Anuradha Ramchandra Purandare, Vijay Gangollikar	BANK OF MAHARASHTRA
15.	Sapphire Promoters And Developers Private Limited	11.76	Hemanti Deepak Kulkarni, Anuradha Ramchandra Purandare	BANK OF MAHARASHTRA, BANK OF BARODA, SHREE MAHALAXMI CO-OP BANK LIMITED
16.	Fairyland Promoters And Developers Private Limited	4.40	Anuradha Ramchandra Purandare, Amit Deepak Kulkarni	BANK OF BARODA, SHREE MAHALAXMI CO-OP BANK LIMITED
17.	D S Kulkarni Constructions Pvt Ltd	.20	Hemanti Deepak Kulkarni, Vijay Gangollikar, Shirish Deepak Kulkarni	BANK OF MAHARASHTRA
18.	Shri Saptashring Oil Mills Private	30	Hemanti Deepak Kulkarni, Vijayanti Mudgal	Axis Bank Limited
19.	Dsk Worldman Projects Limited	30	Hemanti Deepak Kulkarni, Anuradha Ramchandra Purandare, Vijayanti Mudgal	TATA CAPITAL HOUSING FINANCE LIMITED,
20.	Dsk Milkotronics Private	3	Hemanti Deepak Kulkarni, Sanjeev Latkar, Deepak Sakharam Kulkarni, Anuradha Ramchandra Purandare,	Punjab National Bank
21.	Vastu Shilp Promoters And Developers Private Limited	4.40	Anuradha Ramchandra Purandare, Vijayanti Mudgal	BANK OF BARODA
	Total	2992.84 crores		

The DSK Group also used services from Toyota Financial Services India, JM Financial Products, Kotak Mahindra Prime, Religare Finest, Lakshmi Vilas Bank, Syndicate Bank, Union Bank, ICICI Home Finance Company, Axis Bank, STCI Finance, Sangli Urban Co-Operative Bank, Samarth Sahakari Bank Ltd (Solapur), Shri Mahalaxmi Co-Op Bank Ltd, Tata Capital Housing Finance Ltd and Punjab National Bank (PNB).

It is alleged that BoM sanctioned loans illegally and despite knowing many irregularities. Pre and post disbursement precaution were not maintained. This was done despite knowing that the borrower was not using the loan amount for the purpose that sanctioned by the bank. One of such loan was sanctioned even for "to meet temporary mismatch in cash flows".

The police has sought 14 days police custody of the accused. "The banks in the consortium had decided not to disburse the loan till there is a tie-up between all parties. They have also decided to part-disburse the loan amount in stages as per the construction completion. However, in a planned move on 19 March 2016 these people colluded and decided to disburse 50% of the amount approved by Bank of Maharashtra by sanctioning a proposal for the benefit of other associates. As such on 21 March 2016 they issued an order to this effect and on 22 March 2016, illegally disbursed Rs50 crore (to DSK Group), which needs to be probed."

Dr Rajendra Ganatra, an insolvency resolution professional (IRP) with a deep knowledge of the sector, feels that the lenders should have monitored use of the loans sanctioned more rigorously. He says, "Recent amendment in the Indian Bankruptcy Code (IBC) has put buyers at par with financial creditors. This, however, is not relief and more needs to be done. It is the responsibility of the financial creditors to monitor end use rigorously and not allow any diversion. Diversion by banks should be treated also as lenders' defaults if they do not take action within some period."

In a statement, Bank of Maharashtra said its exposure to DSKDL is Rs94.52 crore, which is fully secured by primary and collateral securities. It says, "Recovery process like action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act has already been initiated by the Bank and some the properties are due for auction. Bank has also declared DSKDL and its promoters as wilful defaulters."

Pune-based DSK Group's owners DS Kulkarni and his wife Hemanti were arrested in February on charges of cheating over 4,000 investors of over Rs1,150 crore and diverting bank loans of nearly Rs2,900 crore.

According to Mr Kumbhar, liabilities of DSK Group is more than its assets. "DSK's liabilities are around Rs6,000 crore while his assets are not more than Rs1,000 crore. Secured charges of all the banks and lenders on DS Kulkarni, DSK Group and all its associate companies are around Rs2992.84 crore as per information available on the website of Ministry of Corporate Affairs. Besides that fixed deposits (FDs) from public are estimated at around Rs1,000 crore, unsecured loans of Rs1,100 crore, non-convertible debentures (NCDs) of Rs140 crore, statutory liabilities of Rs100 crore, and money received from customers Rs815 crore, takes total liabilities of DSK Group to over Rs6,000 crore," he says.

As a follow-up in the case, last month, the Maharashtra government had ordered attachment of more than 120 properties, 275 bank accounts and four dozen vehicles belonging to the owners and the company invoking the provisions of Maharashtra Protection of Interests of Depositors (MPID) Act.

The last to know: on ICICI imbroglio

[EDITORIAL](#) JUNE 20, 2018

THE  HINDU

The conduct of the board of ICICI Bank raises questions about corporate governance

The board of ICICI Bank has finally acted on the allegations of misconduct against its CEO and managing director, [Chanda Kochhar](#). It had earlier maintained that she was on annual personal leave; now, she will stay away from the office till the completion of an inquiry into the charges levelled against her by a whistle-blower. Rather than allow the controversy to fester, the board of ICICI Bank, an institution that often sought to hold a mirror up to the inefficiencies of public sector banks,

should have acted earlier. Till the inquiry is complete the bank will be steered by a new chief operating officer, Sandeep Bakhshi. The official version is that he will report to Ms. Kochhar, who herself took the decision to go on leave till the end of the inquiry — but this is at best a face-saving cover for a board that was reluctant to act since the controversy broke. Meanwhile, the tenure of M.K. Sharma, the chairman of the bank's board, is set to end this month and there is still no clarity on his successor. This extended uncertainty in a crisis situation is unwarranted. ICICI Bank's troubles are rooted in a 2016 complaint by an investor alleging a **quid pro quo** deal between Ms. Kochhar's immediate family members and the Videocon group, which got a Rs.3,250-crore loan from it. When this 'conflict of interest' complaint resurfaced in the public domain this year, Mr. Sharma said he had personally inquired into it two years earlier and found nothing amiss.

With the Central Bureau of Investigation and later the stock market regulator SEBI swooping in, the issue of whether the bank had failed to make adequate disclosures about its dealings with the borrower (who is now a defaulter) and a firm related to Ms. Kochhar's husband was spotlighted. The bank is yet to respond to SEBI, but changed tack after the latter decided to launch a probe into allegations of a **quid pro quo** and alleged misconduct by Ms. Kochhar. Three weeks on, the names of the members of and terms of reference for the probe panel to be led by retired Supreme Court judge B.N. Srikrishna are still awaited. It is debatable whether such a high-profile panel is required to ascertain if Ms. Kochhar, whose term ends next March, had made adequate disclosures while deciding on the loans. The board itself could have dealt with this through an internal investigation rather than giving the impression that it wanted to paper over the issue, sending a poor signal to all stakeholders. No doubt Ms. Kochhar, a star on the corporate firmament, enjoys a formidable reputation as a banker. While one should not prejudge the inquiry findings, there is no doubt that the strength of corporate governance practices in the bank has come under question because of the way the issue has played out.

Deposits extremely safe in PSBs: Goyal

SPECIAL CORRESPONDENT
NEW DELHI, JUNE 19, 2018

THE  HINDU

The public's money is "extremely safe" in public sector banks and the government is 100% committed to these banks, Finance Minister Piyush Goyal said on Tuesday.

"Public money is extremely safe in public sector banks," Mr. Goyal said at a press conference following a meeting with the heads of public sector banks. "The government stands behind public sector banks 100%, and their money is extremely safe. Government-owned banks' deposits are 100% safe and secure."

The Finance Minister also said that the government was open to the idea of providing the Reserve Bank of India with more powers to effectively regulate and manage public sector banks. His statement follows RBI Governor Urjit Patel's statements to the Standing Committee on Finance that the central bank needed more powers, such as the ability to appoint and dismiss the heads of PSBs.

"The government stands 100% committed to support each and every one of our public sector banks and to ensure the viability and successful future of every PSU bank, particularly because they are the engines which take financial inclusion to the last man at the bottom of the pyramid," Mr Goyal added. "I don't think that PSBs have got into losses or got into trouble now. This was already existing, it's only that we have shown the mirror to the world and actually brought it down the table."

Following the meeting with the bankers, Mr Goyal said the PSBs had come up with a plan to take up the credit needs of "genuine, deserving, well performing and good companies". In the first stage, they will assess the needs of companies who have borrowings between Rs 200 crore and Rs 2,000 crore. In the second stage, they will take up the accounts with borrowings of up to Rs 200 crore, which he said would also cover MSMEs.

Centre shelves Air India privatisation plan

[Jagriti Chandra](#)

NEW DELHI, JUNE 19, 2018

THE  HINDU

Cost-cutting measures will be adopted and efforts will be made to monetise assets to run the airline, says source

After it failed to get any buyers for the debt-ridden national carrier, the government has shelved its plan to privatise Air India exactly a year after the Union Cabinet gave its nod for the disinvestment process.

“Now is not the right time to privatise Air India. We received no bids. We will look at improving efficiencies by bringing private people to work with the airline’s top brass,” the source told *The Hindu*.

He added that measures such as cutting down costs as well as monetisation of Air India’s assets will be adopted in order to run the airline.

The source attributed the lack of interest in the disinvestment process to rising fuel prices and hinted that the government could revisit the plan to offload its stake in Air India at a later stage.

The decision was taken at a meeting convened by senior BJP leader and Union Minister Arun Jaitley on Monday.

The broad contours of Air India’s privatisation were made public in March-end and interested players were invited to place initial bids.

However, when the deadline to submit the bids ended on May 31, no player came forward to express its interest in buying the airline.

The government had offered to sell 76% of its stake in Air India, along with low-cost subsidiary Air India Express and its 50% share in ground handling arm AISATS as a single entity. The buyer would have to take on the debt and current liabilities of Rs.33,392 crore.

Many players had raised questions about the huge size of the debt, the government's refusal to exit completely from the airline as well as sought clarity on the benefits and obligations towards more than 15,000 permanent and contractual employees.

However, the government had said that continuing to hold some stake in Air India would help it to service the share of the debt of approximately Rs.25,000 crore it was not passing on to the new buyer.

Aviation think-tank CAPA says the government's decision does not bode well for the beleaguered airline.

"We are disappointed with the government's decision not to go ahead with AI's divestment. Continuing government ownership and the lack of a clear road map will lead AI to extreme insignificance and possibly closure. There will never be a perfect timing for AI divestment as conditions for divestment have to be structured by some bold decisions," said Kapil Kaul, CEO & Director, CAPA South Asia.

He said the government will have to focus on comprehensive restructuring of the airline under a special administration to scale down losses significantly.

The airline has already sought short-term loans of Rs.1,000 crore after it was unable to pay the salaries of its employees earlier this month.

A turnaround plan approved by the UPA-2 government in 2012 provided for financial assistance to the tune of Rs.30,000 crore over a 10-year period for the carrier. Of this, the airline has received more than Rs.26,000 crore. It was also required for the airline to monetise its land assets and generate Rs.5,000 crore over a 10-year period until 2021 but the airline has only been able to garner a mere Rs.445 crore, as per the government in Parliament in February.

Centre can no longer use Cong. legacy as an excuse: NITI Aayog Vice-Chairman

[IANS](#)

NEW DELHI , JUNE 19, 2018

THE  HINDU

The economy was much more balanced than it was before and had been pulled out of a crisis, says Rajiv Kumar

Even as the ruling Bharatiya Janata Party (BJP) and its senior leaders have repeatedly attacked the Congress for leaving behind a legacy of “governance failure”, “policy paralysis” and “economy in shambles”, the Central government can no more use this as an excuse and will have to take ownership of not only its accomplishments but also its failures from now on, NITI Aayog Vice-Chairman Rajiv Kumar said.

Mr. Kumar said while it was necessary to look at the last four years of the Narendra Modi government in the context of the legacy it inherited from the UPA regime in 2014, the economy has now overcome those issues and henceforth, the government should be judged on its own merit.

'No more excuses'

“Now the economy has come out of those inheritance issues. No more should they be used as an excuse for anything. Whatever happens now is the government’s own (doing) completely,” Mr. Kumar told IANS in an interview.

“After all the government has done so much despite all of it (legacy issues). It took huge structural reforms like demonetisation, GST, Insolvency and Bankruptcy Code, Benami Act, RERA and recapitalisation of banks to overcome those legacy issues. I think we have finally overcome those and henceforth, the government should be judged on its own merit,” he added.

Mr. Kumar's remarks hold significance since the BJP and its senior leaders, including Prime Minister Narendra Modi and Union Minister Arun Jaitley have repeatedly ripped into the Congress for leaving behind an "economy in a shambles" which the government was still bringing on track.

Be it the crisis relating to non-performing assets, the Nirav Modi-linked PNB scam, the sorry state of the banking sector, the slow GDP growth rate, the fiscal deficit situation and even the rising oil prices, the BJP leaders have used every opportunity to blame it all on the legacy it inherited from the erstwhile UPA government.

Even the NITI Aayog Vice Chairman has often talked about the legacy inherited by the current government and how it has affected its performance.

Pat for NDA government

"For a government which had inherited the most terrible economic situation and inherited a situation where there was a complete paralysis in governance and decision making, and also a situation where world economy was also not very good... given the legacy, given the world economy and given the breakdown of governance, I think this government has done very well," Mr. Kumar said.

He added that when the BJP took over in 2014, the inflation had crossed the 9 per cent mark and growth rate had slumped to below six per cent.

"What (then Finance Minister P.) Chidambaram had done was to allow the fiscal deficit to run from 2.8 at one time to as far as 6.4 per cent. From there to come to a situation where we have now achieved a growth rate of 6.7 per cent last year and 7.7 percent in the last quarter with inflation at 3.8 per cent, I think that's just remarkable," he said.

The fiscal deficit for 2017—18 was 3.5 per cent and the government has set the target of bringing it down to 3.3 per cent in the current fiscal.

The noted economist added the economy was much more balanced than it was before and had been pulled out of a crisis — a “crisis of complete private sector investment having been stopped because of the NPAs and the twin—balance sheet” problem.

“Not only has this government maintained the macro—economic balance and brought back growth on its track but along with it, it has made the economy far more cleaner and much more formalised, while also doing a lot to improve inclusion,” he said.

‘Reforms needed in agriculture sector’

Asked if there are any areas where the government could have performed better, Kumar responded: “One clear role which the government has recognised is farmer’s income. I think this focus has now been brought into the budget. The agriculture sector remains a backward sector and it requires a lot of reforms.”

He added that performance in export sector was a cause of concern while the water sector, which was turning into a crisis situation, was another area which needed attention along with the quality of education.

“These are chronic issues. They take time to be figured out. But the credit should be given to the government that they have recognised these problems and is not trying to hide them or brush them under the carpet. Also they are trying new approaches to improve the performance like ranking states on education quality, water conservation, etc.

PSBs team up to bolster consortium lending

Acting Finance Minister Piyush Goyal addresses the media after chairing a meeting of PSB chiefs in New Delhi on Tuesday

Okay 'inter-creditor' arrangement to improve delivery of credit to enterprises

[OUR BUREAU](#) | NEW DELHI, JUNE 19

THE HINDU
BusinessLine

In an initiative that is expected to iron out problems faced in consortium lending, public sector banks (PSBs) have agreed to enter into an “inter-creditor” arrangement that would set the ground rules for lending. Besides, it will also cover lending under multiple banking arrangements.

This will help banks work as a team and remove procedural glitches so that timely credit is available to enterprises, Interim Finance Minister Piyush Goyal told the media on Tuesday after chairing a meeting with chief executives of the PSBs of North and East India.

State Bank of India Chairman Rajnish Kumar said the proposed inter-creditor arrangement will be a model agreement. “The Indian Banks Association (IBA) will examine it, as will all the banks. This will be a voluntary arrangement,” he said.

Goyal said banks had agreed to adopt the Insolvency and Bankruptcy Code (IBC) threshold of 66 per cent for decision-making: a decision taken by 66 per cent of the lenders will be abided by all banks that are part of the consortium, he said.

Goyal said banks had collectively decided to take up in two stages the credit needs of genuine, well-performing companies.

Boost for MSMEs

Over the next four weeks, PSBs will undertake a focussed study of the credit needs of companies with borrowings of Rs.200-Rs.2,000 crore. There are about 4,500 such companies, most of them in consortium lending. In the second stage, PSBs will take up accounts with borrowings of up to Rs.200 crore, and look at the genuine needs of MSMEs.

“The PSBs will work collectively to address the credit needs of genuine borrowers. [In] almost every sector, we are seeing an up-tick in demand, which the banks believe is an opportunity,” Goyal said.

In response to a question, Goyal said he did not concur with RBI Governor Urjit Patel’s recent deposition to the Standing Committee of Finance that the central bank does not have enough powers to deal with errant PSB Boards. “We believe the RBI has adequate powers and if there is a requirement of any more powers, the government is very open to it. It will be a conversation between the Government and the RBI,” he said.

Public money is safe

Goyal also asserted that public money is extremely safe in PSBs. “The Government stands behind public sector banks. Your money is extremely safe in PSBs. I don’t know how safe it is in certain private companies that have huge tax dues.”

Rs 15,000-cr. bad loans to get reversed: Financial Services Secretary

PRESS TRUST OF INDIA NEW DELHI, JUNE 21, 2018

Bad loans worth Rs 15,000 crore will be wiped off the [banking](#) system with their reversal into standard accounts in the June quarter, following new norms for differential treatment of defaults by small and mid sized businesses.

Financial Services Secretary Rajiv Kumar said that the 180-day NPA norm for MSMEs would help reverse Rs 15,000 crore in the banking system as these had become standard asset. “This will help banks to make positive entry to the tune of Rs 2,200 crore, making balance sheet of public sector banks (PSBs) healthier in the first quarter (Q1) of the current fiscal,” he said.

It will aid growth in the Micro, Small and Medium Enterprises (MSME) sector which is witnessing credit growth of over 20% in the last 5 quarters, he said.

“MUDRA and initiatives in MSME space leads to rise in the new credit borrowers, giving wings to entrepreneurial ambitions,” he said.

At the same time, he added, banks would have additional funds to focus on MSME growth, which is engine of the economy.

As per the Reserve Bank of India’s (RBI’s) NPA classification norms, banks have to make provision of 15% against the defaulting account of MSME.

Providing relief to MSMEs, RBI earlier this month eased NPA classification norms for such units facing input credit linkages and associated issues under the Goods and Services Tax.

Following this, the 90-day period for classifying debt into bad loans was converted into 180-day for all MSME dues between September 1, 2017 and December 31, 2018 if the account was standard as on August 31, 2017.

The new dispensation covers both registered as well as unregistered MSMEs.

However, with regard to GST registered MSMEs, 180-day NPA norms will be brought back to 90 days only in a phased manner, starting January 1, 2019.

For non-GST registered MSMEs, NPA norms would revert to 90 days from January 1, itself.

In February, banks and non-banking finance companies (NBFCs) were allowed to temporarily classify their exposures to the GST registered MSMEs, having aggregate credit facilities from these lenders up to Rs 25 crore, as per a 180-day past due criterion.

As per the Cibil-Sidbi report, commercial lending stood at Rs 54.2 lakh crore as of March 2018, with micro and SME segments contributing nearly 23% to overall growth.

Dud loans at MSMEs have remained stable and range bound during the period with micro segment moving down from 8.9% in March 2017 to 8.8% in March.

In the SME segment, the NPA rate hovered between 11.4% in March 2017 and 11.2% in March 2018.

Future NPAs in the MSME segment may be driven by ₹11,000-crore exposure, which are currently tagged as standard but belongs to entities that have at least one or more exposures tagged as NPAs by other bank or credit institution, the report said.

Mallya diverted Rs 3,700 cr bank loan to F1, IPL and for pvt jet sorties: ED

June 18, 2018

rediff.com

The ED's fresh chargesheet against Mallya and his firms is likely to pave the way for him to be declared "fugitive" under a new Indian law

The Enforcement Directorate on Monday charged embattled liquor baron Vijay Mallya and his two firms for fraudulently "diverting" over Rs 3,700 crore bank loan funds to a UK-based F1 motorsport firm, a T20 IPL team, and for enjoying private jet sorties.

The ED's fresh chargesheet against Mallya and his firms is likely to pave the way for him to be declared "fugitive" under a new Indian law.

The agency named Mallya and his firms - Kingfisher Airlines Limited and United Breweries (United Breweries Holdings Limited) - in its voluminous prosecution complaint filed before a special Mumbai court under the Prevention of Money Laundering Act.

The charge sheet revolves around a complaint received from State Bank of India on behalf of the consortium of banks for causing loss of Rs 6,027 crore to them by not keeping repayment commitments of the loans taken during 2005-10, officials said.

The ED had filed an FIR in the case in August, 2016 after going through a CBI FIR.

"The SBI, which is the consortium leader, has calculated the amount (of the loan) to the tune of Rs 9,990.07 crore (including applied interest) as on May 15, 2018," the agency said in the chargesheet.

The ED alleged that Mallya and KAL officials "hatched a criminal conspiracy for obtaining/sanctioning of bank loan to Ms KAL in gross violations of established procedures and the firm had no intention for repayment of the loan."

It charged that the accused - Mallya and KAL - projected the "brand value of the airline as a collateral security inspite of the same being a hypothetical assets and suffering from deficiencies."

It said the loans were obtained by placing the corporate guarantee of the firm UBHL and personal guarantee of Mallya, the chairman of KAL.

"KAL had offered as a security, negative lien on fleet of hire purchase/finance lease aircraft against the loans availed from the banks despite being well aware that the said security was only a symbolic security in nature and was grossly inadequate to cover the exposure of the banks," the ED said.

It added that KAL "acquired" a corporate jet for passenger operations for globe-trotting of UB group chairman Mallya, its senior officials and VVIP/chartered trips and it was stated that there would be surplus income from the operations of this plane.

"However, the said jet was never used for the said purpose and mainly used as a personal carrier for Mallya as it catered to his family members and friends," the ED alleged.

It said KAL used two aircraft of Ms Veling Limited, by leasing them on very high lease rentals as compared to the market, and allegedly siphoned of Rs 3,432.40 crore funds by "over-invoicing the payments" made to the said plane owning company.

It said KAL made payments of GBP 30,348,452.25 (over Rs 254 crore) to UK-based Force India Formula One Team Limited (FIF1TL) and Mallya "surreptitiously transferred funds of the firm giving a false purpose of remittance and thus diverted the funds (loan amount)."

Talking about the T-20 cricket Indian Premier League team, the ED chargesheet said, that the Bengaluru franchise of this sporting extravaganza (named Royal Challengers) was purchased by Mallya and "loan amount of Rs 15.90 crore was siphoned of and diverted from the bank account of KAL held with Deutsche Bank to Royal Challengers Sports Pvt Ltd, Bengaluru."

Thus, it said, Mallya "deliberately and intentionally diverted the loan amounts from the bank accounts of KAL to other bank accounts of his interest."

The agency said it has attached assets valued at Rs 4,234.84 crore in this case and "by concealing these properties and non-payment of loan amount and diverting the loan proceeds out of India, Mallya and UBHL benefitted from the same and hence they are involved in the offence of money laundering."

It charged that some group companies of the UB group, of which Mallya was chairman, did not had "any actual activity and independent source of income" and the beleaguered businessman controlled all these companies through his office personnel.

"The directors in these companies were namesake or dummy directors who were at command of Mallya. There are movable and immovable assets in these companies in the form of shares of public listed companies and landed properties," it said.

Officials said the agency will soon move a court, after the special court takes cognisance of the latest charge sheet, to get declared Mallya a fugitive under a new Ordinance enacted by the Modi government.

PTI was first to report yesterday that after this charge sheet, the central probe agency would immediately seek permission from a court to "confiscate" assets worth more than Rs 9,000 crore of the beleaguered businessman and his firms under the recently promulgated Fugitive Economic Offenders Ordinance.

The ED last year filed its first chargesheet against Mallya, now in London, in the alleged Rs 900-crore IDBI Bank-Kingfisher Airlines loan fraud case.

AIBEA THIS DAY JUNE 23	
1946	11 days' strike for wage revision starts in Bank of India, Bombay.
1954	Com S S Shisodia, Dy. General Secretary, AIBOA (date of birth)
1966	AIBEA Central Committee meeting at Delhi.
1995	6th Bipartite officers' demands clinched at IBA level.

ALL INDIA BANK EMPLOYEES' ASSOCIATION



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