

## 'Govt. working towards extradition'

SPECIAL CORRESPONDENT  
MUMBAI

The government is "thoroughly investigating" the fraud in the Punjab National Bank (PNB) and is taking steps for the extradition of absconding billionaire jeweller Nirav Modi, said Union Minister of State for Finance Shiv Pratap Shukla here on Saturday.

"We are thoroughly investigating the PNB fraud and are not going to spare any of those involved in it," Mr. Shukla said at an Assocham meet.

"Looking at the gravity of the act committed by Nirav Modi, the government of India will surely work towards his extradition and will punish [those involved] for all

the frauds," an Assocham press release said quoting Mr. Shukla.

On being asked about the impact of the fraud on the government's decision to merge public sector banks, the Union Minister said, "We cannot comment on that without considering each and every aspect of the issue."

# Guilty will not be spared, asserts Jr FinMin Shukla

Finance Ministry will implement PMO's decision in this matter: MoS

**PNB SCAM**

JESCILIA KARAYAMPARAMBIL  
Mumbai

Investigations in the Punjab National Bank (PNB) scam are on in full-swing, said Minister of State (MoS) for Finance Shiv Pratap Shukla. He said the finance secretaries are in talks with the Prime Minister's office (PMO) on this matter. The finance ministry will implement the decision taken by PMO, he added.

Speaking to reporters after Assocham's banking conference, Shukla said, "All our secretaries are in talks with the PMO. The finance ministry will implement the decision taken by PMO."

On the latest media report of Central Vigilance Commission (CVC) summoning finance ministry official, he said, "I have no idea about the Central Vigilance Commission summoning the finance ministry officials. If it is the case, it must be there but I have no idea about." According to media reports, CVC have summoned top officials of PNB and the finance ministry. They have been asked to appear before the CVC on February 19. As per media reports, on behalf of the Ministry of Finance, additional secretary, and department of financial services is likely to be present. He added that the investigation related to PNB is on. "We will not spare anyone who is responsible for this fraud. The Indian government will punish Nirav Modi for such fraudulent act."

When asked about the diamond mogul being at Davos with Narendra Modi, he said that Nirav didn't go to Davos with the PM. He clarified that it was a group photo and Nirav came there on his own.

On being quizzed if this case would work in the favour of bank merger (in negative or positive way), he said the merger of the bank has to be thought thoroughly.

# Three held for PNB fraud

Court remands two bank employees, Nirav Modi group executive to CBI custody till March 3

SHRIMI CHOUDHARY  
Mumbai, 17 February

**T**he Central Bureau of Investigation (CBI) has arrested a former and a current employee of Punjab National Bank (PNB) and one executive of the Nirav Modi group of companies in connection with a ₹14 billion fraud at the bank.

A special court on Saturday remanded all three accused to CBI custody till March 3.

On Saturday morning, the CBI detained PNB's former deputy manager Gokulnath Shetty, the bank's single window operator Manoj Kharat, and Hemant Bhat, the authorised signatory for jewellery tycoon Nirav Modi's group companies.

These are the first arrests in one of the biggest scams in the country's banking history, allegedly premeditated by Modi and Mehul Choksi through a clutch of companies they own in collusion with some PNB employees.

## INSIDE Pg 4

### SHETTY TOOK ONLY ONE PROMOTION IN HIS CAREER

Gokulnath Shetty retired in May 2017, after about 36 years of service. He took only one promotion in his career, but stayed in the Fort, Mumbai, branch of PNB for seven years till his retirement.

### IND-RA HAD A-OUTLOOK FOR NIRAV MODI FIRM

RAHULASKS  
PM, JAITLEY  
TO SPEAK UP

According to the CBI's remand application, the amount involved in fraudulent letters of undertakings (LoUs) issued is likely to be in the vicinity of ₹60 billion, which is many times more than the ₹2.8 billion in the bank's first complaint.

The CBI remand plea said the accused were not cooperating with the investigation so their custody was required "to recover important missing documents related to the issue

of fraudulent LoUs".

The CBI also sought custody to understand the modus operandi and to locate relevant documents to identify a larger conspiracy and ascertain the magnitude of the scam.

The CBI will probe the role of other co-accused and the end-use of the huge amount of public funds diverted by them in conspiracy with other accused who were on the run and some of them were yet to be identified.

*Business Standard* has reviewed a copy of the CBI's remand application submitted to the court.

During the hearing, the court observed that the offence was serious and could run into ₹60 billion and that the CBI should get a fair chance to investigate the case. **Turn to Page 4**



From left: Hemant Bhat, the authorised signatory for Nirav Modi's group companies, PNB single window operator Manoj Kharat and former PNB deputy manager Gokulnath Shetty being produced at the CBI special court in Mumbai on Saturday

PHOTO: KAMLESH PEDNEKAR

## FROM PAGE 1

### 3 held...

"The case has consequences on the country and the economy," the court noted. The move follows 2 first information reports (FIRs) filed by the CBI against 20 people, including Modi, his relatives, Choksi, their firms, some directors and PNB employees. The accused were charged with criminal conspiracy, cheating, criminal misconduct and abuse of official position. The FIR was based on two complaints filed by PNB, the first in January and the second on February 13. The second FIR said PNB employees Shetty and Kharat, in connivance with the firms owned by Modi and Choksi, defrauded the bank of ₹48 billion.

With the first case registered involving a fraud of Rs 2.8 billion, the total covers LoUs of ₹51.66 billion. Union Minister of State for Finance Shiv Pratap Shukla on Saturday said the government was thoroughly investigating the PNB fraud case and would not spare anyone involved in it. "Looking at the gravity of the act committed by Nirav Modi, the government will surely work towards his extradition and will punish them for all the fraud," he added. The CBI conducted searches at PNB's branch at Brady House Fort, Mumbai, which appears to be the centre of the alleged scam. Six PNB employees were questioned during the search. The CBI on Friday had conducted searches at 20 properties in six cities linked to Choksi and his group companies. It had also searched the residences of the PNB employees named in the

FIR. Citing the PNB complaint, a CBI official said some bank employees deliberately omitted entries purportedly issued on behalf of the accused companies to avoid detection.

Funds raised through LoUs were meant to be used for payment of import bills of the accused companies whereas these were fraudulently utilised for discharging earlier liabilities on account of the buyer's credit facilities allowed by the overseas branches of an Indian bank, it was alleged. While in the case of foreign letters of credit (FLC), these were opened initially for smaller amounts by creating purported entries in the core banking solution system and sending the relevant FLC through SWIFT messages.

Raids by the ED against Nirav Modi and others continued for the third day on Saturday, with the agency saying it seized diamonds and jewellery worth ₹250 million, taking the total seizure value to ₹56.74 billion.

# India, Iran ink nine pacts

● 'Substantive' talks between Modi, Rouhani; Chabahar port included

FE BUREAU  
New Delhi, February 17

**PRIME MINISTER NARENDRA** Modi and Iranian President Hassan Rouhani on Saturday held "substantive" talks on key issues of terrorism, security, trade and energy, after which the two sides inked nine pacts, including a lease contract for a part of Chabahar port's operation for 18 months. The two leaders also deliberated on regional situations during their wide-ranging talks.

Addressing a joint press event with Rouhani, Modi said the two countries want a terror-free world and they were committed to stopping the expansion of powers that encourage terrorism, extremism, drug trafficking, cyber crimes and other international crimes. On his part, Rouhani said, "We are

determined to combat terrorism and extremism." The Iranian leader also said that regional conflicts must be resolved through diplomacy and political initiatives, but did not specifically name any

regional dispute.

The two sides also inked nine pacts, which included lease contract between Iran's Port and Maritime Organization and India's Ports Global Limited (IPGL) to take over

operation of existing facilities at the Shahid Beheshti Port — Phase 1 of Chabahar — for 18 months. Other pacts included avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, ratification of extradition treaty, exemption from visa requirement for holders of diplomatic passports, traditional systems of medicine and establishment of an expert group on trade remedy measures. In addition to these nine pacts, four more pacts were inked on the sidelines of Rouhani's visit between the two countries, officials said.

Modi said the visit by the Iranian president shows how the two sides want to deepen cooperation in key areas, including connectivity.



Prime Minister Narendra Modi with Iranian President Hassan Rouhani in New Delhi on Saturday

AP Continued on Page 16

## India, Iran ink nine pacts

Modi described the strategically-important Chabahar as a "golden gateway", development of which will help in reaching out to land-locked Afghanistan and central Asia. The PM also appreciated the way the Iranian leader provided leadership in developing the Chabahar Port.

Noting that they had "positive talks" on tariff-related issues

and banking relations, Rouhani said, "We have decided to expand cooperation in natural gas and petrochemical sector."

New Delhi has allowed investment in Indian rupees in Iran. The Indian move will hugely help the Iranian economy as it will draw in more Indian investment into Iran. Under this scheme, if an Indian businessman wants to invest a certain amount in rupees, he can deposit the money in rupees in the bona fide Iranian account in one of the Indian banks and the equivalent amount of Iranian rials will then be deposited in the venture in Iran. Trade bodies of India including FICCI, PHD Chambers and ASSOCHAM and Iran Chamber of Commerce, Industries, Mines and Agriculture also inked MoUs.

