

Assocham call to privatise public sector banks irks unions

OUR BUREAU

Mangaluru, February 19

The All-India Bank Employees' Association (AIBEA) has condemned the demand of apex trade body Associated Chambers of Commerce of India (Assocham) that public sector banks (PSBs) be privatised in view of the recent fraud in Punjab National Bank (PNB).

CH Venkatachalam, General Secretary of AIBEA, said in a statement that if private banks are really efficient why were many banks closed down and merged with others in the past. Most of the private banks, he said, were merged with PSBs.

PSBs, he said, are made to swallow the 'poison of failure' of many private banks. It is funny that Assocham is asking PSBs to be privatised now, he said. On the huge increase in bad loans in banks, he said, the private companies, industrialists and corporate houses are the delinquents and defaulters, and wondered if PSBs be privatised and handed over to these people.

Assocham should ask the private sector corporate defaulters to repay the bank loans to the PSBs and condemn Nirav Modi for the fraud he has committed on PNB, Venkatachalam said.

Chambers for privatisation of PSBs, Congress against idea

BS REPORTERS

New Delhi, 19 February

A chorus has grown among industry chambers for privatisation of public sector banks (PSBs), in the wake of the ₹110-billion fraud in Punjab National Bank (PNB).

The Federation of Indian Chambers of Commerce and Industry (Ficci) said the government should consider privatising these banks (PSBs) as more than ₹2.6 trillion capital infusion in the 11 years has had limited impact in improving their

health. Privatisation would reduce the drain on the exchequer, the chamber said.

Ficci President Rashesh Shah argued a dynamic banking sector was the need of the hour. The Associated Chambers of Commerce and Industry of India (Assocham) said the fraud in PNB should act as a strong trigger for the government to reduce its stake in it to less than 50 per cent. It argued PSBs should be allowed to function on the lines of private sector lenders.

The Congress, however,

called the idea "preposterous" and "irresponsible". Party spokesperson Manish Tewari said it would oppose any move to privatise nationalised banks. "You are unable to deal with NPAs (non-performing assets) and banking fraud and you say the entire banking system be privatised."

Enough data was available to prove NPAs as a ratio of total deposits of PSBs was lower when compared to private banks.

"We had hoped the chief economic advisor and others,

including Vinod Rai of the Banks Board Bureau, would have suggested ways to strengthen banking regulations. Instead, they want PSBs to be privatised. This needs to be nipped in the bud," Tewari said. "Bank NPAs and bank frauds are different. Let the government tell the country the action that has been taken in each of the NPAs and bank fraud cases of last five years."

The Congress also released documents that show that the court of the chief judicial magistrate of Chandigarh had

declared chairman and managing director of Gitanjali Gems Mehul Choksi a proclaimed offender and absconder in August 2017. Choksi is the business partner of jeweller Nirav Modi and involved in the ₹14 billion PNB fraud.

"This new revelation raises profound questions as to who facilitated the escape of these two gentlemen from the country, particularly Choksi," Tewari said. "Would the prime minister and the finance minister tell the country who facilitated Choksi's escape."

Unions against calls for privatising PSBs

TIMES NEWS NETWORK

Mumbai: Bank unions have gone on the offensive against the rising chorus for privatisation of public sector lenders in the wake of the PNB scam. Stating that it is the equivalent of the devil quoting scriptures, unions have accused the industry of being responsible for bad loans and for bribing bank officials.

"Why is the (RBI) governor silent? Is it his case that now a 'delinquent employee' can help in a fraud of over Rs 11,000 crore without being detected? If so, isn't the RBI admitting a complete collapse of the banking sector?" said All India Bank Employees Association general secretary **CH Venkatachalam**.

In a press release issued



on Monday, the association published a list of 36 private banks that had to be placed under moratorium by the RBI in public interest. "If private banks are really efficient, why these banks were closed down and merged with others? Most of these banks were merged with public sector banks. PSBs have become the Neelakanta Mahadev to swallow the poison of failure of many private banks and it is funny that Assocham is asking PSBs to be privatised now. We understand their greed, but they cannot claim that private banks are more efficient," Venkatachalam said.

Following the scam, industry chamber **Assocham** had said in a statement, "The PNB's fraudulent transactions worth Rs 11,300 crore should act as a strong trigger

for the government for reducing its stake to less than 50% in banks, which should then be allowed to work on the lines of private sector lenders with a full sense of accountability to their shareholders, protecting interest of depositors." Venkatachalam said, "Let them not forget that a bulk of the loans given by public sector banks are to private corporate houses. If public sector banks are not efficient, why do they avail these loans from PSBs and why have they not taken such loans from private banks?"

Stating that industry bodies should ask their members to pay up their loans, Venkatachalam said that bank employees in the PNB fraud have committed an "unpardonable sin", but it was private corporate giants like the Nirav Modi group who tempted them.

AIBEA flays call for privatisation

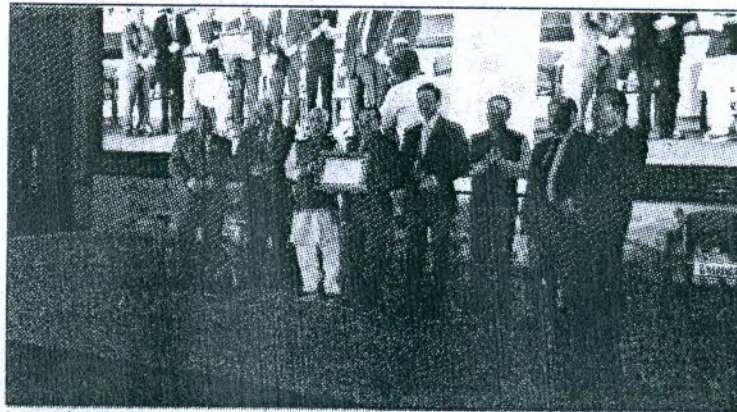
SPECIAL CORRESPONDENT
MUMBAI

The All India Bank Employees' Association (AIBEA) has condemned a suggestion by industry body Assocham to privatise public sector banks (PSBs).

"The devil should not quote scriptures. We [wish to] advice Assocham to ask private sector corporate defaulters to repay loans to public sector banks," C.H. Venkatachalam, general secretary of AIBEA, said in a statement.

In a separate statement, the AIBEA also said that the government should keep the top management of Punjab National Bank away from the bank until the probe into the fraud was completed. It also demanded a parliamentary probe into the scam.

Corporation Bank bags two awards under ASSOCHAM



Corporation Bank was named the winner under Best Social Bank and given joint runner-up award under priority sector lending for large bank class category for 2017 instituted by The Associated Chambers of Commerce & Industry of India (ASSOCHAM). Chandrakant Nayak U, General Manager, Corporation Bank received the award on behalf of the Bank from the gracious hands of Shiv Pratap Shukla, Minister of State for Finance, Government of India at the 13th Annual Banking Summit-cum-Social Banking Excellence Awards-2017, held in Mumbai recently.