

PMC Bank depositors reach RBI gates

Seek meeting with officials to lift cap on withdrawal; depositors have also planned silent marches across Mumbai today

NIDHI RAI
Mumbai, 1 October

Aggrieved depositors of Punjab and Maharashtra Co-operative (PMC) Bank on Tuesday staged a protest outside the Reserve Bank of India's (RBI's) office in Mumbai, demanding that the central bank lift restrictions on cash withdrawal.

The account holders will also organise silent marches across the city on Wednesday.

Harpreet Singh Guleria, who works in the financial services sector and has several accounts with PMC Bank, plans to join the peace march. "Since it is a holiday, we will try to bring as many people as possible. I have four savings accounts, one current account and few fixed deposits with PMC. My parents opened these accounts 35 years ago and we used these accounts for sheer convenience and nothing else."

The bank's customers have asked for an official meeting with senior RBI executives on Thursday so that they have access to their money.

On September 24, the RBI placed curbs on PMC Bank following allegations of irregularities in certain loan accounts. Initially, the central bank allowed withdrawal of only ₹1,000 from a savings account, current account, or any other deposit account for six months. The next day, the RBI increased the withdrawal limit to ₹10,000 per account for six months.

The protesters said this amount is insufficient. Gautam Chabria, the single parent of an autistic child, was also present at the protest, said: "I have saved ₹50 lakh for my child and parents. Now I am unable to pay for their medical bills. Nobody from the government has even acknowledged that something like this has happened. What is our mistake in this?" he asked.



Aggrieved depositors of Punjab and Maharashtra Co-operative (PMC) Bank staged a protest outside the Reserve Bank of India's office in Mumbai

PHOTO: KAMLESH D PEDNEKAR

Banking system safe, reiterates RBI

PRESS TRUST OF INDIA
Mumbai, 1 October

The Reserve Bank of India (RBI) on Tuesday assured the public that the Indian banking system is safe and stable, and there is no need for panic.

The RBI statement came on a day when the Nifty Bank

index tanked by 1.3 per cent in intra-day trade amid a barrage of negative news from the sector, including a deepening crisis at the Punjab and Maharashtra Co-operative Bank (PMC).

"There are rumours in some places about certain banks, including cooperative banks, resulting

in anxiety among the depositors. RBI would like to assure the general public that the Indian banking system is safe and stable, and there is no need to panic on the basis of such rumours," the RBI said.

Bank stocks lost heavily on both the Sensex and Nifty indices on Tuesday.

Gave adequate security for PMC loans, says HDIL

RAGHAVENDRA KAMATH
Mumbai, 1 October

Housing Development & Infrastructure (HDIL) on Tuesday said it had provided adequate security cover for the loans taken from Punjab and Maharashtra Co-operative (PMC) Bank.

PMC Bank lent ₹6,500 crore to HDIL, accounting for 73 per cent of the bank's loan book.

"The company (HDIL) has over a period of time availed of banking facilities from various banks and institutions including PMC Bank in the normal course of business. Adequate security cover in favour of the banks, including PMC Bank, has been created over the assets of the company for these facilities in due compliance with all banking regulations as per guidelines described by RBI," the property developer said in a statement to the exchanges on Tuesday.

A letter, signed by company Vice-Chairman and Managing Director Sarang Wadhawan, said the books of the company were audited and that they "reflect a fair picture as

regards to the affairs of the company and the group".

HDIL said it was facing temporary cash flow issues because of the external environment in the real estate sector which has caused the firm to be admitted for insolvency, an issue it is actively attempting to resolve.

"With relation to borrowings from PMC, we have already issued letters requesting an appointment with the administrator in charge of the bank to put forth the true and correct picture as also to discuss a strategy hereby the interest of all stakeholders and in particular PMC Bank and its depositors is protected," it added.

"It is also learnt that certain action is being initiated against HDIL and its promoters. We are unaware of any such action."

The economic offences wing of the Mumbai police on Monday booked the promoters of HDIL and officials of PMC Bank in connection with the irregularities at the bank, reports said.

The company's stock fell five per cent on Tuesday on the Mumbai stock exchange to end the day at ₹3.8 a share.

MCA to inspect books of HDIL



Mumbai Police on Monday filed a case against PMC Bank and HDIL officials for allegedly violating RBI norms

RUCHIKA CHITRAVANSHI
New Delhi, 1 October

The Ministry of Corporate Affairs (MCA) has ordered an inspection into Housing Development and Infrastructure (HDIL) to see if it was a business failure or a case of mismanagement, a senior government official said.

The MCA has already issued a look out circular against the founders of HDIL, the official confirmed. "If a bank has sunk because of exposure to one company, it is worth looking into," he said.

The Mumbai police on Monday filed a case against Punjab and Maharashtra Co-operative (PMC) Bank and HDIL officials for allegedly violating Reserve Bank of India (RBI) norms by extend-

ing loans to the real estate development company beyond permissible limits.

The ministry will study the books of account, related-party transactions and filings of the company to decide if the case needs to be referred to the Serious Fraud Investigation Office. "At this stage, it is just an inspection. We will take appropriate action if there is a criminal misconduct," the official added.

PMC Bank's suspended managing director (MD) and chief executive officer (CEO) Joy Thomas wrote a five-page confession letter on September 21 to the Reserve Bank of India (RBI), reviewed by *Business Standard*, where he described the relation of HDIL's promoter family with PMC Bank in detail, and how both sides helped each other out.



PMC Bank's ex-MD & CEO Joy Thomas

The MCA has already issued a look out circular against the founders of HDIL