

# PSBs report ₹95,700-cr fraud in 6 mths

## 10 WORST-HIT GOVT BANKS

Data on fraud in public sector banks from April 1 to September 30 this year (based on date of reporting)

Bank	Incidents	Amount (₹ crore)
State Bank of India	2,939	25,416.75
Punjab National Bank	225	10,821.77
Bank of Baroda	180	8,273.43
Allahabad Bank	724	6,508.59
Bank of India	127	5,412.62
UCO Bank	57	4,474.05
Canara Bank	116	4,400.17
Indian Overseas Bank	97	4,289.21
Oriental Bank of Commerce	144	3,908.03
Union Bank of India	157	3,776.17

Source: Rajya Sabha reply

## CASES BEING PROBED BY ED

Year	FEMA		PMLA	
	Penalty imposed	Amount confiscated	Value of properties (provisional)	Worth of properties confiscated
2017-18	179	11.49	7,432	0.0085
2018-19	1,907	3.45	15,490	3.92
2019-20*	42	6.88	16,104	0.52

\*(till 30.09.2019)

Source: The government's reply in the Rajya Sabha

Sitharaman says 5,743 incidents in govt banks from April to September this year

ARCHIS MOHAN  
New Delhi, 19 November

Public sector banks (PSBs) reported frauds of over ₹95,700 crore in the first six months of the current financial year, Parliament was informed on Tuesday.

Finance Minister Nirmala Sitharaman said that according to the Reserve Bank of India (RBI), PSBs reported 5,743 incidents of fraud involving a total amount of ₹95,760.49 crore from April 1 to September 30 (based on the date of reporting). She said based on the date of occurrence of frauds, during the same period, the number of frauds was 1,007, involving a total amount of ₹2,509.86 crore.

In a written reply to another question, Minister of State for Finance Anurag Thakur told the Rajya Sabha that government-owned banks reported 26.1 per cent of all frauds worth over ₹1 lakh

brought to notice during 2018-19, while their lending share was 63.81 per cent in the aggregate gross advances of scheduled commercial banks.

"On this basis, the (average) number of incidents of frauds reported (based on the date of occurrence) per lakh crore advances for PSBs (11.3) is about 79 per cent lower than that for non-PSB lenders (53.7)," Thakur said. ICICI Bank reported 374 instances of frauds, followed by Kotak Mahindra Bank (338), HDFC Bank (273), State Bank of India (236) and HSBC (178).

In reply to a question by the Congress' M V Rajeev Gowda on the agency was conducting investigations in 963 cases under the Prevention of Money Laundering Act (PMLA) and 7,393 cases under Foreign Exchange Management Act (FEMA).

**Government banks reported 26.1% of all frauds worth over ₹1 lakh during 2018-19, while their lending share was 63.81% in the aggregate gross advances of scheduled commercial banks**

## US court gives nod to liquidation of three Nirav Modi companies



Three American jewellery businesses owned by Nirav Modi (pictured), who is accused of orchestrating the largest bank fraud in India, received court approval to begin liquidating in bankruptcy and repaying funds to government-owned

Punjab National Bank (PNB).

A trustee overseeing the Chapter 11 cases for Firestar Diamond, A Jaffe, and Fantasy confirmed a plan to liquidate the companies during a November 18 hearing in the US Bankruptcy Court for the Southern District of New York.

The businesses in the US made up a portion of Modi's global diamond selling enterprise. A court-appointed examiner for the Chapter 11 cases found the businesses took part in the fraud scheme that Indian authorities accuse Modi of facilitating.

The firms appear to have been used to conduct sham transactions with foreign shell companies that Modi and his co-conspirators controlled, the examiner said. A Chapter 11 trustee took over the US cases a few months after they were filed in February 2018. At the time, Modi was a fugitive accused of defrauding PNB of over ₹11,000 crore.

BLOOMBERG

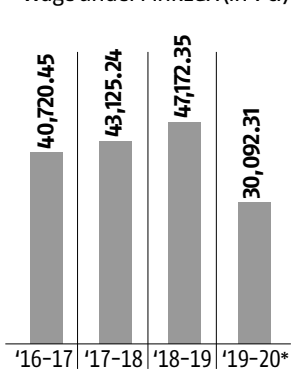
# Only 51 days of work provided under NREGA

## WELL BELOW THE 100-DAY MANDATE

■ Avg days of employment provided per household in 2018-19

Mizoram	92
West Bengal	77
Meghalaya	72
Kerala	66
Andhra Pradesh	58
Chhattisgarh	57
Jammu & Kashmir	57
Rajasthan	57
Sikkim	54
Madhya Pradesh	52
<b>National</b>	<b>51</b>

■ Expenditure on unskilled wage under MNREGA (in ₹ cr)



\* As on November 13  
Source: Rural development minister Narendra Singh Tomar's replies in the Lok Sabha on Tuesday

ARCHIS MOHAN  
New Delhi, 19 November

Only 51 days of work was provided per household across the country in 2018-19 as against 100 days mandated in the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA), the Centre said on Tuesday.

Even as the government said the number of beneficiaries and budgetary allocation towards the rural employment scheme have increased over the years, the rural development ministry is struggling to meet the targets of the prime minister's housing-for-all scheme for rural areas.

According to Rural Development Minister Narendra Tomar's reply in the Lok Sabha, under the PM Awaas Yojana (Grameen) — restructured from the erstwhile Indira Awaas Yojana — as many as 198,608 houses have been constructed as on November 15 against the target of 527,552.

The minister said total 1,98,136 houses have been completed in Phase I (2016-17 to 2018-19) against the target of 327,552. In Phase II (2019-20 to

2021-22), only 472 houses have been completed, so far, against the target of 200,000.

On the MNREGA, in a reply to a question by the Bharatiya Janata Party's Pritam Munde, the minister said the scheme is demand-driven.

He said the Centre is engaged with state governments to set up systems to ensure the provision of work according to demand, transparency and accountability, and also take steps to create awareness about the scheme.

According to the data, Mizoram topped the list providing 92 workdays, followed by West Bengal (77 workdays) and Kerala (66 workdays). The minister said the number of individuals who worked under the scheme in 2015-16 was 72.2 million; it was 76.6 million in 2016-17, 75.9 million in 2017-18 and 77.7 million in 2018-19.

"The MNREGS (scheme) is a demand-driven wage employment programme... The demand for work is influenced by various factors such as rainfall, availability of alternative and remunerative employment opportunities outside the MNREGS," the minister said.

# Commercial banks post net profit of ₹6,675 cr

ABHIJIT LELE  
Mumbai, 19 November

Listed commercial banks posted a combined net profit of ₹6,675 crore for the September quarter of FY20, with an improvement in interest income and a dip in provisions for stressed loans. They had reported net loss of ₹3,918 crore in the corresponding quarter last year.

This despite public sector banks (PSBs) recording net loss of ₹727 crore in Q2FY20. Net profit of private banks, too, declined during the quarter under review by 1.7 per cent to ₹707 crore.

Profit margins of Scheduled Commercial Banks

(SCBs) have been considerably affected by the new deferred tax rates, as well as the sharp rise in provisions against stressed assets made by certain banks, according to an analysis by CARE Rating.

Net interest income (NII), the mainstay of earnings for banks, rose 16 per cent to ₹1.07 trillion in Q2FY20 from ₹92,739 crore in Q2FY19. The rate of growth in NII was 11.7 per cent in the corresponding quarter last year. Both PSBs and private banks recorded a steady rise in their NII at 12.9% and 20.4%, respectively, during the period under review.

The review covered 37 SCBs (18 public sector banks and 19

## IN THE BLACK

Listed commercial banks' Q2 performance at a glance (In ₹ cr)

	Q2FY18	Q2FY19	Q2FY20
Net interest income	82,999	92,739	107,568
Other income	46,977	37,261	47,350
Provisions and contingencies	65,410	70,458	65,151
Net profit	6,675	(3,918)*	6,348
Gross NPAs	834,812	992,964	918,487

\* net loss

Source: CARE RATINGS

private sector banks) and the figures were as on November 14.

The net interest margin (NIM) ratio of SCBs improved from 3.02 per cent in Q2FY19 to 3.22 per cent in Q2FY20, driven by income growth of private lenders. This can be attributed to the consistent growth in inter-

est income, as against a low-paced growth in the interest expense, CARE said.

NIMs of PSBs rose by 21 bps to 2.87 per cent during the quarter under review, as against 2.66 per cent in the September quarter last year. PSBs widened their NIMs as they have brought

down their cost of borrowing by partially transmitting the rate cuts to depositors.

Private lenders recorded only a marginal improvement in their NIMs, from 3.68 per cent during Q2FY19 to 3.80 per cent in Q2FY20.

Domestic brokerage Motilal Oswal in a review of the second quarter performance said banks reported a slowdown in loan growth led by moderation in corporate lending, which reflects the weak economic environment; retail loan growth, however, remained steady.

The asset quality showed some improvement in the reporting quarter. The amount of gross non-performing assets

of SCBs declined from ₹9.93 trillion in September 2018 to ₹9.18 trillion in Q2FY20.

PSBs registered a contraction in their gross NPA at ₹7.27 trillion for Q2FY20 from ₹8.08 trillion in Q2FY19. Gross NPA amount of private banks grew from ₹1.85 trillion during Q2FY19 to ₹1.91 trillion in Q2FY20.

Amid a challenging macro environment, asset quality trends were mixed with large corporate banks reporting better-than-estimated slippages (SBI, ICICI), while YES Bank and RBL reporting an increase in their watch list's size/stressed assets, Motilal Oswal said.