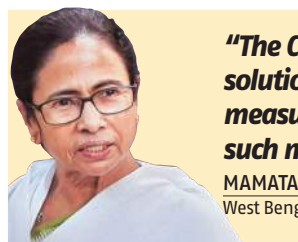




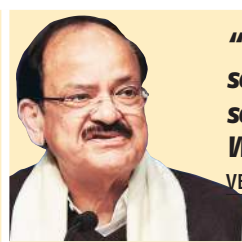
**"We are in touch with the US system, the government, and members of Congress to convince them that tapping into the Indian talent pool is for our mutual benefit"**

**S JAISHANKAR**  
External affairs minister



**"The Centre should look for a permanent solution instead of advocating stopgap measures. Unless there is economic stability, such measures cannot be the solution"**

**MAMATA BANERJEE**  
West Bengal chief minister



**"If you (elected representative) don't like someone or are not happy, you resign your seat and get elected. That is the royal way. We have a number of such examples"**

**VENKAIH NAIDU**  
Vice-president on MP resigning and switching over to other party

## IN BRIEF Detained under PSA, Abdullah included in key defence panel



Detained under the stringent Public Safety Act (PSA) after being accused of having "tremendous potential to create public disorder", former Jammu and Kashmir chief minister Feroq Abdullah (pictured) has been included in a 21-member consultative committee on defence. The name of the 81-year-old National Conference leader, in detention at his Srinagar home for over 100 days, tops the list of members of the panel headed by Defence Minister Rajnath Singh. The committee's other members include former defence minister and NCP chief Sharad Pawar, according to a notification issued by the parliamentary affairs ministry. Also in the list is controversial BJP MP Pragya Thakur, whose inclusion has been slammed by the Congress. Abdullah was detained on August 5, hours before the Centre scrapped the special status of Jammu and Kashmir and bifurcated the state into Union Territories.

## 700,000 posts vacant in central govt departments

There were nearly 700,000 vacant posts in different central government departments as of March 1 last year, the Rajya Sabha was informed on Thursday. Of the total of 683, 823 vacant posts, 574,289 are in Group C, 89,638 in Group B and 19,896 in Group A category, as of March 1, 2018, according to the data given in a written reply by Minister of State for Personnel, Jitendra Singh. Based on the vacancies reported by user departments, the Staff Selection Commission has started recruitment process to fill 1,05,338 posts during 2019-2020, he said.

## PF scam: UP power employees to go on strike from Nov 28

Even as the Reserve Bank of India (RBI) on Wednesday superseded the board of Dewan Housing Finance Corporation (DHFL), Uttar Pradesh power corporation employees have announced indefinite 'work boycott' from November 28 against illegal investment of their provident fund (PF) in the troubled non-banking financial company. While ₹4,122 crore were invested in DHFL by the two trusts managing the PF corpus of the power employees between March 2017 and December 2018, about ₹2,267 crore is still to be repaid by the company, barred by the Bombay High Court from making fresh repayments.

## Anchor investors get ₹184 cr worth of shares in CSB



CSB Bank on Thursday allotted shares of ₹184 crore to anchor investors. The shares were allotted at ₹195 apiece. Some of the investors allotted shares include ICICI Prudential, Aditya Birla Sunlife, Sundaram Mutual Fund, and SBI. The IPO opens for subscription on Friday. The price band for the issue is ₹193-195 per share. At the upper end of the price band, the IPO size is ₹440 crore. The issue comprises a fresh fund raising of ₹24 crore, which will be used to augment CSB Bank's tier-1 capital base. Canadian billionaire Prem Watsa's Fairfax India Holdings had acquired 51 per cent in the bank last year.

## Uttar Pradesh warns defaulting sugar mills of auction

Uttar Pradesh Chief Minister Yogi Adityanath said on Thursday his government would attach the defaulting units of sugar mills for auctioning to pay farmers. The mills, mostly belonging to the private sector, owe about ₹3,600 crore in farmers' payments for the 2018-19, even as the new season has begun. Adityanath said the state over the past two and a half years had facilitated cane payments of ₹76,000 crore.

# RBI reveals list of wilful defaulters

For 10 years, the central bank denied RTI applicants this information, arguing it would be against economic interests

KABIR AGARWAL & ANU SRIVAS  
21 November

Four years after the Supreme Court first directed the Reserve Bank of India (RBI) to disclose a list of India's wilful defaulters, the central bank has finally complied. In response to a Right to Information (RTI) application filed by *The Wire* in May 2019, the RBI has released a list of 30 major wilful defaulters.

For over ten years, the RBI has denied RTI applicants this information arguing that it would be against the economic interests of the country and its 'fiduciary relationship' with the banks disallows it from doing so.

While the central bank has been reluctant to release this data, individual banks and lenders have always generated information on wilful defaulters in the form of suits filed for recovery of their dues. This data has, over the years, been collated by TransUnion CIBIL.

According to the RBI's response, three companies belonging to fugitive diamantaire Mehl Choksi are among the 30 major wilful defaulters that the banking system is currently grappling with.

Total funded advances outstanding to these 30 — along with the amount the banks have written off so far — adds up to over ₹50,000 crore.

To put this in perspective, as of December 2018, over 11,000 companies had willfully defaulted on amounts worth over ₹1.61 trillion, according to TransUnion CIBIL data.

The wilful defaulter data released by the RBI comes from a large centralised banking system database called 'CRILC' — the Central Repository of Information on Large Credits. This is a pool of data on the credit information of all borrowers who have an exposure of ₹5 crore and above. CRILC has in the past three years been particularly useful as a data-sharing mechanism between banks as well, to identify errant borrowers and ensure they don't try to cheat the system.

From February 2019, banks have had the option in CRILC to categorise whether a borrower is a wilful defaulter or not.

The RBI defines a borrower as a 'wilful defaulter' if the company has not met repayment obligations despite having the capacity to do so. While a 'wilful default' tag does not necessarily imply wrongdoing on the part of the promoters, the classification is also used while referring to loan fraud cases, where the borrower has diverted the loan for purposes other than those initially stated.

The table (*see chart*), therefore, is a list of borrowers flagged as 'wilful defaulters' by banks. The amount of money given in the table is the sum of

## BORROWERS FLAGGED AS WILFUL DEFAULTERS AND REPORTED BY BANKS UNDER CRILC REPORTING AS OF APRIL 30, 2019

Sum of funded advances outstanding and amount technically/prudentially written off (in ₹ crore)

Gitanjali Gems	5,044
Rei Agro	4,197
Winsome Diamonds and Jewellery	3,386
Ruchi Soya Industries	3,225
Rotomac Global	2,844
Kingfisher Airlines	2,488
Kudos Chemie	2,326
Zoom Developers	2,024
Deccan Chronicle Holdings	1,951
ABG Shipyard	1,875
Forever Precious Jewellery and Diamonds	1,718
Surya Vinayak Industries	1,628
S Kumars Nationwide	1,581
Gili India	1,447
Siddhi Vinayak Logistic	1,349
VMC Systems	1,314

Gupta Coal India	1,235
Nakshatra Brands	1,148
Indian Technomac Company	1,091
Shree Ganesh Jewellery House	1,085
Jain Infra Projects	1,076
Surya Pharmaceutical	1,065
Nakoda	1,028
KS Oils	1,026
Coastal projects	984
Hanung Toys and Textiles	949
First Leasing Co of India	929
Concast Steel and Power	888
Action Ispat and Power	888
Diamond Power Infrastructure	869

Source: Obtained from the RBI through an RTI application filed by *The Wire*. Note: The amount listed is not the total of non-performing assets or total loans that these companies have defaulted on



ILLUSTRATION: AJAY MOHANTY

'funded advances outstanding' and amount 'prudentially/technical written-off' as of April 30, 2019.

The data does not contain total bad loans or non-performing assets of these wilful defaulter accounts.

Many names on the list are well known — Gitanjali Gems, Rotomac Global, Zoom Developers, Deccan Chronicle Holdings, Winsome Diamonds, REI Agro, Siddhi Vinayak Logistics, and Kudos Chemie. All these companies, or their promoters, have been slapped with cases by either the Central Bureau of Investigation or the Enforcement Directorate over the past five years.

Some of these firms also allegedly appeared on the list that former RBI governor Raghuram Rajan gave to the Prime Minister's Office. This list was given as part of an appeal by Rajan for quicker action to be taken by India's probe agencies.

While very few of these investigations have reached a logical conclusion yet, the agencies have filed chargesheets for some and attached assets as part of the loan recovery process in others.

### Question marks?

The wilful defaulter list also contains the names of other known companies, where it is unclear if there has been wrongdoing on the part of the promoters. These include ABG Shipyard, Ruchi Soya Industries, Hanung Toys and Textiles, S Kumars Nationwide, and KS Oils.

**Ruchi Soya Industries:** In December 2017, IDBI Bank declared

Ruchi Soya a 'wilful defaulter', a classification that the company said it would legally challenge.

Under the IBC process, over the last year, the company has been bought by Patanjali Ayurved.

In 2018, two media reports indicated that Ruchi Soya may be under the scanner of investigative agencies. According to *DNA Money*, the company allegedly fudged its accounts to present a misleading picture to lenders.

Separately, in June 2018, reports indicated that the company was being investigated by the Serious Fraud Investigation Office for transactions it had made with a Singapore-based firm.

**ABG Shipyard:** In March 2018, the company's lenders pushed for a wilful default tag, with media reports from the time indicating that the resolution professional had conducted a forensic audit of the company's accounts.

At the time, ABG Shipyard, which owed over ₹16,000 crore to its lenders, issued a statement saying, "The question of being a wilful defaulter does not arise as the finances are not being controlled by the erstwhile promoters but the lenders and Resolution Professional."

The company is currently under the process of liquidation after no buyers could be found for it in the insolvency and bankruptcy process.

**Hanung Toys and Textiles:** In March 2018, Punjab National Bank dragged the NCR-based company to the bankruptcy courts for unpaid loans totalling ₹2,600 crore.

It is unclear when the company was declared a wilful defaulter or whether

# Coal mines to now be offered only for commercial work

SHREYA JAI  
New Delhi, 21 November

The Centre will now offer coal mines to private companies only for commercial mining and sale, moving away from the earlier regime of offering mines for captive (own) use.

The coal ministry has identified 60 mines to be offered in two tranches for commercial mining. Officials said the ministry was awaiting a high-level committee report of the NITI Aayog, which should come by December.

After four years of enabling commercial mining and sale in the new Coal Ordinance (Special Provisions), 2014, the Union Cabinet in February last year approved the methodology for auctioning coal mines to private companies for commercial purposes.

Under the new law, private mining companies would be able to mine and sell coal in India alongside state-owned Coal India. Since then, there have been no bidding regulations issued by the Centre. "We will put the bidding regulations in two months, and hopefully by the next financial year, will begin the commercial mining process," said an official.

He said the plan was to offer mines for commercial purposes only. "Most of the private companies, which were offered captive coal mines, have surplus coal and wish to sell in the open market. So, the ministry might as well give them mines for commercial purposes, which they can use for oneself and sell the surplus in the open market," said the official.

The Centre will also offer blocks for coal bed methane, surface, and underground gasification as well. State-

## NEW RULES



- Captive production allowed, companies can sell coal in open market
- Coal blocks for coal bed methane, surface gasification, and underground gasification would also be offered
- NITI Aayog report on commercial mining awaited

owned NLC issued a tender for underground gasification of lignite blocks in Gujarat this week.

In the first e-auction of coal blocks in 2014, 34 coal blocks in three tranches went to private companies, including Hindalco, Balco, Jindal, JSW, Adani, GMR, Essar, among others. This year, three tranches of coal auctions were held after two years and nine blocks were awarded.

Sources said Coal India's labour unions are not on board. "Even after the Cabinet's approval, the unions protested twice in April and October last year against any such move," he said. The ministry is, however, hopeful all differences will be ironed out soon.

## NEWSMAKER: GOTABAYA RAJAPAKSA, SRI LANKAN PRESIDENT

# Double impact

Appointing his China-friendly brother Mahinda prime minister ahead of India visit marks a testing point for the new president's neighbourhood policy

ADITI PHADNIS  
New Delhi, 21 November

When Gotabaya Rajapaksa, president of Sri Lanka, visits Delhi on November 29, he will only be representing 50 per cent of the government. The other half of dynamic duo, prime minister (caretaker) Mahinda Rajapaksa, will be in Colombo, on the phone to Beijing. During the years the Rajapaksa brothers were in power (2005 to 2015), Mahinda was president and Gotabaya defence secretary. It was also around the time the geo-strategic eclipse of India in the region began.

At that time, the biggest challenge for Sri Lanka was controlling the Tamil insurgency in the north and east. To be fair to the Rajapaksas, they first tried to obtain military hardware to deal with the Liberation Tigers of Tamil Eelam (LTTE) from India. But, due to political compulsions in Tamil Nadu, Delhi sat over Colombo's list. This forced Rajapaksas to look towards China and Pakistan, which readily obliged. After failed ceasefire and peace processes, the Rajapaksas decided to opt for a military solution, whereas in the past, Colombo had confronted the LTTE only to contain it.

Sri Lankans have long memories where dealings with India are concerned. In 2000, Sri Lankan Army was trapped by LTTE in Jaffna following its rout at the battle of Elephant Pass. Then Foreign Minister Lakshman Kadirgamar had sought Indian military commitment (similar to the assistance provided against the ultranationalist Janata Vimukthi Peramuna or JVP in 1971 and LTTE in 1987)

to rescue its forces if needed. India did not oblige with IPKF 2.0 or military equipment. It gave a grant of \$200 million.

Sri Lanka's stunning defeat of the Tigers in a campaign led by Gotabaya and supported by Mahinda surprised everyone, puncturing the halo of LTTE invincibility. India's disguised support for the war was attributed by the Rajapaksas to their successful 'management' of India. Buoyed by their military victory without much help from India, Colombo boldly invited China to launch a developmental blitzkrieg centred on Hambantota. Mahinda's electoral constituency that turned Sri Lanka into a veritable death/debt trap. The Rajapaksas-led government in Colombo was signalling to the people of Lanka proudly that it had stared India down.

During Mahinda's presidency, Beijing's projects ranged from the Hambantota Port and Industrial Zone, Colombo Port /Financial City through sea reclamation, Shangri-la Hotels and apartments, a jetty in Colombo Port, expressways from the Bandaranaike International airport to Colombo and Colombo to Galle, a new military headquarters, supply of military hardware and training and much, much more. India was missing.

The strategic balance was partially restored with the poll defeat of the Rajapaksas in the polls in 2015 in which India reportedly tipped the balance. The duo said publicly they believed so. By then, China was deeply entrenched, courtesy Rajapaksa profligacy which landed Sri Lanka in a \$9 billion debt. Then came the unlikely and in hindsight, unworkable, alliance between two groups, one left-wing

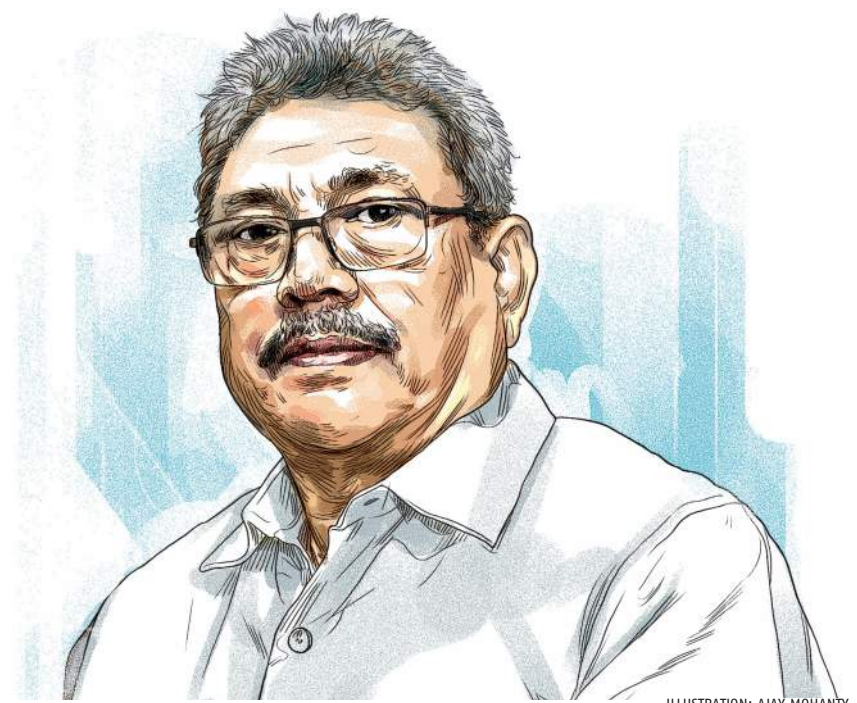


ILLUSTRATION: AJAY MOHANTY

and one right-wing, that installed Maithripala Sirisena and Ranil Wickremesinghe as President and PM. The Rajapaksas sketched redux within months: they swept the provincial council elections. Mired in charges of corruption and plain incompetence, the government muddled forward with the president and PM fighting each other and strengthening the Rajapaksas at every step.

Mahinda and Gotabaya figured their winning ticket was recasting the notion of nationhood in Sri Lanka. Their support to the Bodu Bala Sena (BBS) and the Sinhala Buddhist constituency, especially in South Sri Lanka, has had a devastating impact on an island already deeply divided. Interestingly, the first two appointments by Gotabaya after he won the polls earlier in the month are appointing a defence secretary of choice — and appointing brother Mahinda as prime minister.

The dream team could be a nightmare

for many, especially its sequel. A Sri Lankan political analyst on a visit to Delhi in 2014 had plotted a graphic of the Rajapaksa clan and who was doing what. In addition to the top job and the defence secretaryship, the clan had a commerce minister in place (Basil, younger brother), a speaker (Chamal, nephew) and an MP and a pole of power (Namal, Mahinda's son). There were a couple of cousins, once or twice removed, also somewhere in government.

You could argue that is in the past. China is no longer as interested in Sri Lanka and has its own problems to worry about. New Delhi, wiser after the fact, is trying to kiss and make up with the Rajapaksas. Inviting Gotabaya to Delhi and turning on the charm offensive is part of that plan. Ultimately, it is all up to the people of Sri Lanka: whether it is the clan they will vote to power. In the endlessly entertaining and absorbing soap opera that is India-Sri Lanka relations, wait for the next episode.