

# RBI defends nod for sacking of Kochhar

SUBRATA PANDA  
Mumbai, 18 December

The Reserve Bank of India (RBI) on Tuesday said its approval for the termination of former ICICI Bank Managing Director and Chief Executive Officer Chanda Kochhar was within its jurisdiction and was given after considering the request of Kochhar’s former employer.

The central bank was replying to Kochhar’s petition alleging that the RBI’s nod to her termination was illegal.

“It is not the function or role of the RBI while exercising such power to micro-manage the actions of a bank and substitute its commercial wisdom for that of the bank,” the RBI said.

It also said, “While giving regulatory approval for termination of appointment of a managing director, the RBI does not sit in judgment over the legality of actions taken by a banking company in pursuance of its contracts with the person concerned.”

In the last hearing of the matter, Kochhar contested that ICICI Bank should have secured the RBI’s permission before terminating her services. Kocchar’s lawyers have argued there was a breach of statutory obligation.

ICICI Bank has questioned the maintainability of the writ petition arguing that it is “a private banking company and the writ petition seeks to contest what are purely private contractual terms”. The RBI has also seconded ICICI Bank’s view.

Kochhar’s lawyers, however, also brought in the merits of the matter under which the petition is maintainable. They argued that as the RBI is the banking regulator and its prior approval is required before terminating services, and as



Kochhar had contested that ICICI Bank should have secured the RBI’s permission before terminating her services

the RBI is a respondent in the matter, the writ petition falls under an exception.

The Bombay High Court has given three weeks’ time to ICICI Bank for filing a detailed affidavit on the merits of Kochhar’s termination and why a prior approval of the banking regulator was not taken. It has also asked the RBI to file a reply. The matter will be next heard on January 13. The RBI said while approving Kochhar’s termination, it acted in accordance with the statutory provisions

“When the RBI grants approval, it is looking at the issue from the regulatory angle. The RBI does not get involved in any employer-employee disputes and by no means does it act as an arbiter for disputes between the banking company and its employees,” it further said.

Senior counsels Vikram Nankani and Sujay Kantawala are representing Kochhar in the case, while ICICI Bank is being represented by senior counsel Darius Khambata and law firm Veritas Legal.

Kochhar has alleged that the bank had accepted her early retirement request on October 4, 2018, with immedi-

## All is not well with media, says Pranab Mukherjee

PRESS TRUST OF INDIA  
New Delhi, 18 December

Noting that “all is not well with the media”, former president Pranab Mukherjee on Wednesday pointed to “orchestrated, out-of-context and motivated reporting for partisan agendas” and called for self-correcting measures to check such irregularities as well as paid news.

Delivering the annual Rajendra Mathur Memorial Lecture organised by the Editor’s Guild of India, he said in times when distinction between views and news, opinions and objectivity is fast blurring, media organisations cannot compromise in their basic role of being watchdogs of society as they must not criticise for the sake of doing so and should not become “mouthpiece” of the government. He said it is the responsibility of the media to ensure that ideas are debated dispassionately and thoughts articulated without fear or favour so that opinion is always well informed.

The former president said it is “incumbent upon you as a society of newspapers, periodicals and media organisations to weed out such aberrations” that might have crept into the functioning of the media.

“It is distressing how some publications these days have resorted to ‘paid news’ and other such marketing strategies to drive their revenues. There is need for self-correcting mechanisms to check such irregularities. The temptation to ‘dumb down’ news should also be resisted.

“While you (the media) must continue to be effective raconteurs, you must never ever lose sight of the singular talisman of truth and nothing but facts. You are, after all, the crystal ball that millions of Indians gaze at,” he said.

# NITI plans regulator for medical devices

SOHINI DAS  
Mumbai, 18 December

Government think-tank NITI Aayog has proposed to bring all medical devices under one regulatory regime in a phased manner and have a separate Medical Devices Administration (MDA) with four divisions.

In a stakeholders’ meeting in New Delhi on Wednesday, the NITI Aayog discussed the key features of the draft Medical Devices Bill. The new regime aims to bring in ease of doing business, as the NITI Aayog has proposed to do away with the need to have manufacturing licences to register a medical device or get a certificate of compliance.

The government also moots to have a National Register of Medical Devices. These devices are presently governed by the Drugs and Cosmetics Act, 1940. Experts expect the proposed Bill to be notified within the next six months.

The Medical Devices Authority would be a parallel vertical to the Central Drugs Standard Control Organization (CDSCO) and would be under the Directorate General of Health Services (DGHS), the NITI Aayog proposed.

The CDSCO, it is learnt, has already requested the health ministry to sanction the creation of 700 permanent posts for the separate vertical.

“There can also be a separate statutory body on the lines of the Food Safety and Standards Authority of India (FSSAI) for



the regulation of medical devices. A final decision on the same has not been taken. However, the government has decided that medical devices would now be regulated by a separate body,” said an official who was a part of the meeting. The official said the industry was divided in its opinion.

“While some wanted an autonomous statutory body on the lines of the FSSAI, others preferred medical devices regulation to remain under the CDSCO.”

Meanwhile, the NITI Aayog has proposed in the draft Bill to have four separate divisions under the new Medical Devices Administration -- health and safety division, conformity assessment division, enforcement division, and the laboratories and medical devices testing division.

The health and safety division would grant permission for clinical investigation on human subjects, specify and evaluate the clinical evidence, collect and analyse results of the post-market surveillance.

The conformity assessment division would issue, reject, recognise, and validate

conformity assessment certificates, and also conduct audits of manufacturing sites.

The enforcement division would inspect, investigate, carry out searches and seizures. The laboratories division would specify procedures for the analysis or testing of medical device.

The draft Bill has also proposed several penalties in case of non-adherence to the new Act. Existing medical devices will have a window of 12-36 months (depending on the device class) from the date the new Act comes into force for registration. Manufacturers and authorised representatives are expected to make an application for a certificate of conformity and registration of the device to the MDA within the stipulated time period.

Rajiv Nath, forum coordinator of Association of Indian Medical Device Industry (AiMeD), said, “We had been seeking a separate Act, separate regulatory framework from drugs, separate regulatory authority under the ministry of health or a revamped CDSCO. The Bill, proposed by NITI Aayog, is seemingly an answer to this long outstanding wish list.”

The Washington-based device makers’ trade association AdvaMed said, “We appreciate the initial steps taken by the government to consult with relevant stakeholders on the best way to regulate medical devices and diagnostics. Our industry is eager to work with the government to develop a robust regulatory regime for medical devices and diagnostics.”

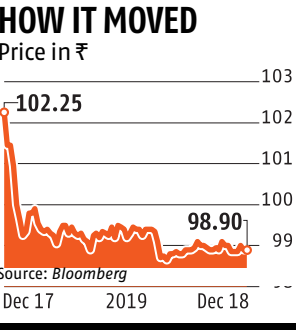
# BoB underreported NPAs by ₹5K cr in FY19

ABHIJIT LELE  
Mumbai, 18 December

Government-owned Bank of Baroda (BoB) has reported a ₹5,250-crore divergence in the calculation of bad loans for the 2018-19 financial year (FY19).

The Reserve Bank of India’s (RBI)’s assessment of its gross non-performing assets (NPAs) for the year is ₹75,174 crore. Against this, the bank had reported GNPA’s of ₹69,924 crore, it told the BSE. All figures are for the recently amalgamated entity, wherein Vijaya Bank and Dena Bank were merged with BoB.

After the disclosure, BoB’s share price fell by 3.3 per cent to ₹98.9 on Wednesday. Net NPAs assessed by the RBI for FY19 are ₹29,045 crore, as compared to BoB’s own calculation of ₹23,795 crore. The provisioning BoB had made on its balance sheet for NPAs were ₹46,001 crore for the year; RBI



says this has to be ₹50,091 crore, an additional ₹4,090 crore.

The bank has said of this ₹4,090 crore divergence, it had already made a provision of ₹1,475 crore in the current financial year. Leaving an additional impact of ₹2,615 crore. Consequently, the adjusted net loss for FY19 is ₹10,998 crore, in place

of the earlier reported net loss of ₹8,339 crore. In recent months, there have been several instances of under-reporting of bad loans by lenders, prompting regulatory action by the central bank.

Also, the bank on Wednesday said it has raised ₹1,747 crore by issuing Basel III compliant bonds on a private placement basis.