

Be not ashamed of thy virtues, honor's a good brooch to wear in a man's hat at all times
Ben Jonson

Stopping TMC feuds

For all the party supremo's warnings and remonstrations, the feuds within the Trinamool Congress go on unabated. The victims are members of the rival faction, or their relations, or totally innocent people who have nothing to do with politics or, in some cases, members of the police force. Extortion or tolabaji has become rampant, so are the 'armed struggles' for area domination. Despite Mamata Banerjee's stern warnings that these will not be tolerated, there is no sign of their abating. The impression that is growing in the public about the ruling party does not seem to be of any concern to these TMC 'workers'. Because of their leader's immense personal popularity and charisma, they seem to take the people for granted. Even the impending panchayat elections have not had any effect on their unruly behaviour.

No political party can take the people for granted. The CPI-M did so in West Bengal and had to pay the price. Complacency took hold of the party in Tripura and now it has paid the price for it. The story and its denouement will not be any different in West Bengal either, if the TMC leadership does not translate its warning into action by expelling the undesirable elements from the party. The TMC has so far been fortunate in that due to its wrong organizational policies and the strength and influence of the CPI-M is dwindling. The BJP in West Bengal also has not so far been able to present a leadership acceptable to the educated and cultured middle class people. The people have a natural aversion for crude language and insinuations.

But it will be a capital mistake for the TMC to believe that rival factions in the party can go on feuding, indulging in skirmishes and drawing blood for ever. The people are watching with disgust and disapproval. When they find an alternative—maybe, even without an acceptable alternative being in sight—they will at some point make their disapproval known through the ballot box. The personal charisma of the leader will not be able to save the party. Mamata Banerjee is gradually emerging as the main spokesperson and the rallying point of the secular and democratic forces in the country. Some expect her to play a significant role in uniting anti-BJP forces before the next Lok Sabha elections. But everything will be ruined if her party lets her down. Can she purge the party ruthlessly of those elements which are bringing a bad name to her and to the party?

Credibility of banking system

REFLEX ACTION

G. Srinivasan

At a time when the country's ailing banking industry, particularly the proverbial public sector banks (PSBs) suffering from balance sheet woes, is being bandaged by the first tranche of a capital infusion of Rs 88,139 crore as part of a jumbo Rs 2.11 lakh crore rescue package, the murky affairs in the country's second biggest bank, the Punjab National Bank of India (PNB), has surfaced to the dismay of the authorities. The gargantuan chicanery involving an 11,500 crore rupees smartly but silently executed by a maverick diamond merchant Nirav (silent!) Modi is a bespoke paradigm in the post-reform shenanigans of the banking industry that has but few parallels to besmirch the image of public sector institutions.

It is also the worst happening to haunt the industry to demonstrate as to what light or feather touch regulation could spawn! One shudders at the mere thought of the revealed apathy of the internal auditors, statutory and concurrent auditors and on top of it all the regulator, the central bank which remained far removed from what was happening under their putative watch. As a perceptive analyst rightly put it in his column in a pink paper, the RBI has instituted inflation-targeting as its primary dharma to ensure sound money policy so that the people are spared from the worst form of taxation as inflation is billed but its continued wobbly way of supervisory role in ensuring sound banking is, to say the least, lamentable and worrisome. What is at stake is the financial stability of the system and if it is held hostage by a few errant and devious elements, none can save the economy when the chips are down, policy wonks wryly say.

In the aftermath of the scam, the bank's honcho has claimed that it has acted promptly, suspending 10 officials, while the Central Bureau of Investigation has also booked a few officials of the bank that include one retired and one serving PNB employee so far. Soon

after the break-out of the ill-tidings, the apex bank, which is also the regulator of the country's banking sector, said in a press statement on Feb 16 that the fraud in PNB is "a case of operational risk arising on account of delinquent behavior by one or more employees of the bank and failure of internal controls".

The issue pertained to officials of Mumbai's Brady House branch of PNB, who gave so-called letters of undertakings (LoU), basically guarantees, sans approvals, that enabled Modi's diamond firms to raise credit from other banks. The overseas banks extended funds to Modi firms on the implicit understanding and assurance that PNB will fork out if there is a default. The messages on LoUs are routed through SWIFT (Society for Worldwide Inter-bank Financial Telecommunications). It needs to be noted that all domestic banks are directed to mandatorily report their LoUs to RBI every quarter. In this case what is less suspicious but revealing after the nefarious designs had come to the fore as to whether PNB or its counterparts, i.e., overseas branches of Indian banks, virtually cold-shouldered their vital role to voluntarily comply with RBI direction.

Industry insiders have disclosed on record that whenever a SWIFT message is sent, it is verified, checked and authorized at various checkpoints by the operations and treasury teams of the sender and receiver banks. Still, it seems no alarm bells were set ringing in this case. In their wayward ways, these fraudsters had the trust and solid faith of the common public in their sovereign banking industry torn to

finders. The outbreak of insider frauds is on top of the disconsolate fact as conceded by the Minister of State for Finance in the post-budget session of Parliament in a written response that as on end-September 2017, out of a total 21 PSBs, nine PSBs have gross non-performing assets (GNPAs) above 15 per cent and 14 PSBs have GNPAs of more than 12 per cent. In response to another query in the Lok Sabha on Feb 2, 2018, the minister said that there were 8,622 frauds in PSBs from 2014-15 to 2016-17 in which staff involvement was 1,146 cases.

It is not the number of the complicity of the internal staff that matters as in the case of the latest PNB case where a few employees recklessly defrauded the system in covert connivance with pushy tycoons who cared a hoot for the public money in gaming the system's fail-prone process with unceasing glee. It is also a recorded fact that as per RBI data on global operations, a mammoth sum of Rs 81,683 crore was written off (including compromise) by PSBs in the fiscal year 2016-17 with the cumulative write-off for the five year period ending March 31, 2017 amounting to a staggering Rs 2,49,926 crore. The whopping write-off of bad loans during the last five years must therefore have to be seen against the rescue package of 2.11 lakh crore of rupees that is recently announced to recapitalize the ailing banking system for the return to normal practice of extending credit to real sectors of the economy to rev up growth.

At the end of the day, what is required is not a blame game or the facile option to privatize the PSBs stake so that private vigilance is par for the course. The government, bent upon ushering in a scam and corrupt-free governance, has the moral obligation to ensure that every institution that serves the public is ruthlessly rid of rotten elements so that public trust is restored and institutional integrity promoted for the development of the nation. (IPA)



Chinese artist Ai Weiwei stands in front of his artwork consisting of a 60-metre rubber raft installation titled 'Lan of the Journey' which includes around 300 figures representing refugees, during a media call for the Biennale of Sydney located in the industrial precinct of Cockatoo Island in Australia.—REUTERS

Scams again for poll battle as in 2014

The biggest scandal in India's banking sector - an alleged 11,400 crore fraud involving Punjab National Bank and diamond merchant Nirav Modi and associates - coming to light in January 2018 - will pep up the state poll campaigns, leading to Lok Sabha elections 2019.

A highly embarrassed Prime Minister Narendra Modi, who had been proudly claiming that no major scam had occurred under his watch, will certainly find ways to pin all the ills, past and present, afflicting the country on his arch-enemy, the Congress, which led the UPA Government till 2014. His Ministers are already at it while the Prime Minister himself has reserved his response, which has to carry some credibility. He has merely held on a different forum that NPA's (non-performing assets) in banks started in Congress regime. Even otherwise he has already launched a blunt offensive against the resurgent Congress as the best form of self-defence, maybe a cover-up for a poor record of four years on his governance outcomes, now becoming resonant across the country. That such a shock could take place in India's financial system, always assumed to be stable,

has drawn global attention. It runs counter to how a starry-eyed Prime Minister on the world stage had been projecting India as a country with financial stability and the best investment destination. The massive bank scandal in PNB, which is now revealed to have gone on for seven years with connivance of a few bank officials, reflects poorly on not only the state of management and supervision and controlling negligence but also the lack of effective regulation with vigilance at the RBI. Public faith in the banking system has been shaken for the second time in the Modi regime after Demonetisation of November 2016.

Until lately, say, in the first three years of the Modi Government, there was relative passivity about the growing stress in the public sector banks under the weight of non-performing assets (NPAs). Whatever feeble institutional remedies were proposed did not really become operational. The bankruptcy code was no doubt one achievement and raised hope that the borrowers would be brought to book but not without some hair-cuts for the lenders. The Finance Minister had also announced a 1.3 trillion recapitalisation for select banks to help clean up

FOCUS

S. Sethuraman

some of the bad debts. But it will be long before the banks, especially those in public sector, could hope to turn meaningful providers of credit to productive sectors. Investment revival has also been linked up with recovery in the banking system with the result that India is not easily coming out of a low-growth syndrome, the boasts of the Finance Minister notwithstanding.

There has been a drastic turnaround from the highest levels of optimism about Mr. Modi taking BJP safely to an unshakable majority with as many as 300-350 seats in the Lok Sabha to a sober safe return to be able to form the next Government. It also instilled a new hope of resurgence for the Congress rival not only in Gujarat but in the rest of the country as the party led by Mr. Rahul Gandhi understood better ground realities - farmer distress, economic growth, jobs etc. He has since been striking more confidence on revival of Congress which had

2014 had begun to feel frustrated at the way the maximum governance has failed to yield the expectations Mr. Modi had raised in them as campaign commander-in-chief. BJP image is getting dented in recent times by its aggressive tones, coercive policies, casting slur on liberals and failure on the economy-growth-jobs front. The party leaders, as seen in Karnataka which goes to polls in May, are on a single-point campaign - that the Congress Government runs - on corruption hoping it would be enough to unseat Chief Minister Mr. Siddaramiah. The outcome in Karnataka is as crucial for BJP as the ruling Congress, for the former to get out of its brand as a Party of North as well as to set up the base for build-up of its influence in other Southern states and spread Hindutva in Mr. Modi's "New India" by 2022. Mr. Modi has problems to sort out with NDA ally, the TDP in Andhra Pradesh, to be able to retain seats in Lok Sabha while he may be hopeful of a deal with AIADMK faction now yielding power and amenable to him so as to ensure that BJP could raise its Lok Sabha numbers from one to ten at least, to reach the coveted 272 in the new Lok Sabha. (IPA)

Conventional Cross Word

| | | | | | | | |
|----|----|----|----|----|----|----|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 9 | 10 | 11 | | | | | |
| 12 | | | 14 | 15 | | | |
| | | | | | | | |
| 16 | 17 | | | | 19 | 20 | |
| | | 21 | 22 | | | | |
| 23 | | | | 24 | 25 | | |
| 26 | | | | 27 | | | |
| 28 | | | | 29 | | | |

- | | |
|--------------------------|-------------------|
| ACROSS | DOWN |
| 1 Head cook | 2 Employee |
| 5 Biennial | 3 Period of time |
| 10 Part of the eye | 4 Digits |
| 11 Land measure | 6 Gone by |
| 12 Mohammedan | 7 Prayer |
| 13 Transgression | 8 Prefect score |
| 14 Presents | 9 Snow runners |
| 15 Unexpected | 10 Fifteen |
| 16 Division of Yorkshire | 17 Sophisticated |
| 21 Brag | 18 Lacy person |
| 23 Horse's mother | 20 Sport |
| 24 Mohammedanism | 22 Assag |
| 25 United | 23 Small spot |
| 27 Sleeveless garment | 25 Mineral spring |
| 28 Look after | |
| 29 Bink | |

SUDOKU: 2138

| | | | | | | |
|---|---|---|---|---|---|---|
| 7 | | | 4 | | 8 | 9 |
| 1 | | | 8 | 5 | | |
| 4 | 9 | | | 2 | | |
| | 3 | | 8 | 5 | | 4 |
| | | 3 | | 1 | | |
| 5 | | 2 | 4 | | 7 | |
| | 4 | | | 6 | 5 | |
| | 1 | 4 | | | | 8 |
| 3 | 5 | 9 | | | | 2 |

Yesterday's Solution 2137

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | 5 | 8 | 7 | 4 | 9 | 2 | 3 | 6 |
| 9 | 6 | 7 | 3 | 2 | 1 | 8 | 5 | 4 |
| 3 | 2 | 4 | 6 | 5 | 8 | 7 | 9 | 1 |
| 6 | 8 | 2 | 5 | 3 | 7 | 1 | 4 | 9 |
| 5 | 4 | 9 | 1 | 8 | 6 | 3 | 2 | 7 |
| 7 | 1 | 3 | 4 | 9 | 2 | 5 | 6 | 8 |
| 4 | 3 | 1 | 9 | 7 | 5 | 6 | 8 | 2 |
| 8 | 7 | 5 | 2 | 6 | 4 | 9 | 1 | 3 |
| 2 | 9 | 6 | 8 | 1 | 3 | 4 | 7 | 5 |

Yesterday's Cross Word Solution 146

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| M | A | S | T | E | R | S | A | G |
| E | P | I | R | A | L | R | A | L |
| S | P | I | R | A | L | P | L | Y |
| S | R | I | S | E | S | P | I | N |
| L | U | T | E | A | L | E | | |
| E | | S | N | A | P | C | | |
| O | D | D | P | I | M | P | L | E |
| Y | O | K | E | L | E | D | | |
| L | E | T | D | E | G | R | E | E |

DISCLAIMER

The views in the articles published here are absolutely the views of the author and The Echo of India does not stand liable for them.