

# Big fishes feel heat as PSBs begin cleansing act

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NEW DELHI: With the adoption of reform agenda announced by the [government](#) last month, skeleton

has started tumbling out from the closet as state-owned [banks](#) have been nudged to clean up books quickly and observe zero tolerance for fraud cases.

The recent move of the [CBI](#) to register a case against billionaire jeweller [Nirav Modi](#) for allegedly cheating [Punjab National Bank](#) [BSE 1.12 %](#) (PNB) of Rs 280.70 crore is part of the reform process, a senior official of a public sector bank said.

One cannot rule out disclosure of more such cases of fraud to relevant authorities in the coming months as banks have been asked by the [finance ministry](#) to proactively plug in the gaps earnestly, the official said.

The finance ministry has asked through the reform agenda circulated to the banks on January 24 that dubious accounts should be scrutinised and appropriate action against

fraudsters to be taken with zero tolerance, the official said.

Banks should not dither from taking action against their own employees in case of collusion if there is sufficient ground, the official added.

Citing the reform agenda, the official said banks have been asked to keep a regular watch on high value special mention accounts.



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The agenda has asked banks for focused recovery efforts through a dedicated, specialised and motivated team for enhanced and timely recovery through board approved guidelines.

It further highlights the need for migration of identified stressed assets and high-value special mention accounts to Stressed Assets Management Vertical.

Meanwhile, the official said banks have been asked to be Mitra or friend of Micro, Small & Medium Enterprises (MSME) sector.

In a bid to promote the sector, Finance Minister Arun Jaitley in Budget 2018-19 lowered the corporate tax rate from 30 per cent to 25 per cent for business with turn over of Rs 250 crore. This covers nearly entire the MSME sector.

Earlier this week, the CBI registered an FIR under the Indian Penal Code (IPC) sections related to criminal conspiracy, cheating and provisions of Prevention of Corruption Act against Modi and his three associates.

Modi (46), who had figured in the Forbes list of richest Indians, has been named in the cheating case on a complaint from the PNB, which alleged that the jewellery firm owner, his brother Nishal, wife Ami and Mehul Chinubhai Choksi,, entered into a criminal conspiracy with the officials of the bank and cheated it, causing a "wrongful loss", as per the FIR.

The FIR also named two bank officials including a retired person who colluded in the fraud.