From

K.R. GANESH RAO, B.COM, LL B.
'Ashray' No. 224, 'F' Block,
14th Main Road, Sahakar Nagar,
Bengaluru – 560 092.

Place: Bengaluru.
Date: 01.07.2016.

To

1. The Secretary,
Ministry of Finance,
Department of Financial Services,
Government of India,
Jeevan Deep Building,
Parliament Street,
New Delhi – 110 001.

2. The Governor,
Reserve Bank of India,
Central Office Building,
18th Floor, Shahid Bhagat Singh Road,
Mumbai – 400 001.

Sir,

Re: Performance of Public Sector Banks,

1. **Need for Accountability Policy to Government Appointees of PSU Banks, at par with Non-Government Appointees, for conducting the examination of staff accountability in high volume NPAs, sanctioned by the Government Appointees.**

2. **Need for conducting investigation into high volume loans sanctioned by the Government appointees, which have turned as Non Performing Assets by Comptroller Auditor General of India or by SIT with members selected by BBB who can conduct forensic audit and to take actions against the erring Government Appointees.**

3. **Need for bringing the Government Appointees to net of Service Conditions, Conduct and Discipline and other Regulations of PSU Banks.**

4.Need for conducting in depth study of the Capital erosion of PSU Banks before taking the decision to infuse capital by the Government.

I. The Hon'ble High Court of Karnataka at Bengaluru is pleased to pass an Order on 20.06.2016, in Writ Petition No. 30922 of 2016 (S-RES-PIL) between Shri. K.R.Ganesh Rao, Party in Person and Union of India and Reserve Bank of India, filed under Articles 226 and 227 of the Constitution of India, praying to direct the Respondents to evolve a policy of conducting the examination of Staff Accountability in high value NPAs sanctioned by the Government Appointees, as the present In House Policy in the banks is not adequate and effective in the interest of Depositors of the Banking Industry, Tax Payers and the Nation as per Petitioner's representation dated 30.01.2016 addressed to the Respondents, and as given in Annexure-M and etc. The said Order of the Hon'ble High Court of Karnataka at Bengaluru says that

> **"After hearing Mr. K.R.Ganesh Rao, the Petitioner, who is appearing in-person and looking at the prayers made in the writ petition, we dispose of the writ petition by granting liberty to the writ petitioner to make a representation to the Secretary, Ministry of Finance, Department of Financial Services, Government of India, by two weeks.**
>
> **2. If such a representation is made, the said Secretary shall consider and dispose of the same, after giving opportunity of hearing to the writ petitioner, in accordance with law.**
>
> **3. We make no order as to costs".**

Therefore, as Ordered by the Hon'ble High Court of Karnataka at Bengaluru, I am submitting this representation to the Secretary, Ministry of Finance, Department of Financial Services, Government of India, New Delhi within the period of two weeks granted by the Hon'ble Court. Further it is submitted that in the above Writ Petition (PIL), the Respondent No. 2 Reserve Bank of India, represented by its Governor was made party, as per my representation dated 30.01.2016, was addressed to Government of India and Reserve Bank of India. It is relevant and pertinent to note that the said Respondent No. 2, is a Regulator of Banking business in the country, so the Respondent No. 2 was made party to the above Writ Petition and now this representation is also addressed to the Respondent No. 2, as the Reserve Bank of India, is at the helm of affairs of banking business in the country, as its Regulator.

II. FACTS OF THE REPRESENTATION.

01. It is respectfully submitted that I am a Senior Citizen, a retired Chief Manager, superannuated on 29.02.2012 from the service of Bank of Baroda, a body corporate constituted under Banking Companies (Acquisition and Transfer of Undertakings) Act – V of 1970. I joined the said public sector bank as a clerk on 07.03.1973 and have vast experience in banking particularly in credit department. I am a graduate in Commerce and Law and have worked in different branches in different states in the country and have acquired good knowledge and experience in branch banking. I submit that I have no personal interest other than public interest in this Representation. I declare and submit that I am a depositor of Bank of Baroda and small shareholder of Bank of Baroda and IDBI Bank, public sector banks and regular Income-Tax payer. As citizen of the country and tax payer I am approaching the Secretary, Ministry of Finance, Department of Financial Services, Government of India, and New Delhi, as per the Orders of Hon'ble High Court of Karnataka, at Bengaluru with substantive and larger public interest in the subject matter. I am also approaching the Governor, Reserve Bank of India, Central Office Building, 18th Floor, Shahid Bhagat Singh Road, Mumbai, as the Reserve Bank of India, was Respondent No. 2 in the said Writ Petition (PIL) and Regulator of Banking business in the country.

02. It is submitted that I am very much interested in Banking, which is the lifeline of any financial system of the country and on which the entire economic activity of the country is directly depending on the Banking. Sound banking in the country speaks soundness of economy of the country and conversely the weak banking speaks weakness of the country. Therefore, the sound Banking is need of the hour of any growing economy, like our country and there cannot be any second opinion on the need of soundness of the economy of the country.

03. It is submitted that by passing of Reserve Bank of India Act, 1934, the Reserve Bank of India came into being to as the Central Bank of the country and it acquired the right to issue notes and acted as the banker to the Government of India in place of the Imperial Bank. Further it is submitted that the Reserve Bank of India was originally a share holders' Bank and it was nationalized in the year 1948 by bringing an amendment to the Reserve Bank Act 1934 and thereafter the Reserve Bank of India Act, 1948 came into existence. The Reserve Bank of India was nationalized consequent to the nationalization of the Bank of England in 1946. On account of nationalization of the Reserve Bank of India, the Government of India acquired full control over the Banking business in India, and it was further strengthened by the passing of Banking Regulations Act, 1949. Thereafter, the Reserve Bank of India became a Regulator to regulate banking business in the country.

04. It is submitted that the banking in India, was in private hands initially before the independence of the country. By the passing of the State Bank of India Act, 1955, the Imperial Bank was taken over and the assets vested in a new Bank, the State Bank of India, thereby the Banking in India, for the first time came into the hands of Public Sector. It is further submitted that by passing of the State Bank of India (Subsidiary Banks) Act 1959, the State Bank of Mysore, State Bank of Patiala, State Bank of Indore, State Bank of Hyderabad, State Bank of Saurashtra, State Bank of Travancore and State Bank of Jaipur and Bikaner became subsidiary banks of State Bank of India, thereby the Public Sector Banking business in the country expanded. It is further submitted that the State Bank of Saurashtra and State Bank of Indore have merged with State Bank of India a few years before.

Further it is respectfully submitted that it is relevant and pertinent to note that the major historical event in the history of banking in India after independence took place on 19.07.1969, when the Government of India nationalized 14 major commercial banks of the country. This step was taken by the Government of India, as the Social Control imposed on the banks was unsuccessful, as the Indian Commercial Banks did not increase their lending to the priority sectors like agriculture, small scale industry, small business, etc. Further on 15.04.1980 six more private sector banks were nationalized extending the public domain further over the banking sector and thereby the major business of the banking in India came to the domain of Public Sector Banks of the country. However, the New Bank of India, which was nationalized on 15.04.1980, merged with another nationalized bank Punjab National Bank in the year 1993. Further IDBI Bank Limited came into existence as Public Sector Bank in the year 2005 and the subsidiary banks State Bank of Saurashtra and State Bank of Indore, merged with State Bank of India, a few years before. Recently, the Government of India opened a Bharat Mahila Bank, to increase further its hold in public sector in general and to cater to the banking needs of the Women in the country in particular.

05. It is submitted that the Nationalization of the banks was recognition of the potential of the banking system to promote broader economic objectives. The banks had to reach nook and corner of the country to expand their network so that the concept of mass banking was given importance over class banking. Development of credit in rural, industrial, exports and small traders was prime objective. Simultaneously the savings with rural people were brought to the banking system. On account of such measures, the sectors like small scale industries, agriculture, retailers, small business, contributed significantly to the Gross Domestic Product of the country.

06. It is submitted that the Government of India implemented Banking reforms in the country in 1991-92, in which the Performance of loan asset is very important. The loan asset should perform well in the areas of meeting its obligations of repayment of principal and service of interest as per the terms of the sanction of the loan asset. And in the running accounts like overdrafts and cash credit accounts, adequate business turnover and service of periodical interest is must. It is submitted that, if the loan asset is performing well as per the terms of the sanction, the interest charged on such loan asset, will be recognized and booked to the profit of the bank. Otherwise, the loan asset will be treated as Non Performing Asset ('NPA' for short). From the date of classification of loan asset as NPA, there will be cessation of application of interest in the loan asset purely on accounting principles of NPA. Further NPA will be treated initially as Sub-Standard Asset, later it will be treated as Doubtful Debt-I, Doubtful Debt-II and Loss Asset, after passage of time. It is submitted that the banks have to provide provision for these NPAs in their books, ranging from 10% to 100% of the NPA amount depending upon classification of NPA. It is submitted that the effect of an NPA has direct adverse impact on the Balance Sheet of the Banks and their health of the Banks. The provision amount on the NPAs will be provided from the interest earned on the healthy/standards assets of the bank. That is to say, the NPA not only yield any interest to the banks and further on the amount of the NPA, interest earned on the healthy/standard asset will be provided. So there is double loss to the banks on account of NPAs. Therefore, the income of the bank will be affected and will be reduced. When the income is reduced, the net profits of the banks will be naturally on lower side. That is to say when the NPAs are on higher side, the net profits of the banks will be on lower side and conversely, when the NPAs of the bank are on lower side, the net profits of the banks will be on higher side. Therefore, the NPAs are parasites on the healthy and standard assets of the banks, in other words, the defaulters' of the NPAs of the banks are parasites of the financial system of the country, which will have direct adverse impact on the credit expansion of the banks and resulting in setback to national productions in the areas of agriculture, industry, trade and commerce, infrastructure etc. Finally the NPAs will cripple the Financial System of the nation, a cause of concern to the /depositors/common man/tax payer/shareholders of the banks, as he has to bear the consequences of NPAs.

07. It is submitted that of late, the performance of public sector banks is not good when compared to their competitors in private sector. The under mentioned table will give better clarity of performance of Public Sector Banks and Private Sector banks in the country.

a. Public Sector Banks (27 banks) **(Amount in Crores of Rs.)**

Particulars	2013	2014	2015
Deposits	57,45,697	65,89,020	71,95,480
Advances	44,72,845	51,01,142	54,76,250
Total Business	**1,02,18,542**	**1,16,90,162**	**1,26,71,730**
Gross NPA	1,64,462	2,27,264	2,78,877
Net NPA	89,950	1,30,360	1,59,973
Operating Profit	1,21,838	1,27,653	1,38,097
Provisions & Contingencies	71,256	90,633	1,00,277
Net Profit	50,583	37,019	37,820

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b. Private Sector Banks (20 banks) **(Amount in Crores of Rs.)**

Particulars	2013	2014	2015
Deposits	13,95,836	15,91,694	17,87,761
Advances	11,43,249	13,42,935	15,43,917
Total Business	**25,39,085**	**29,36,629**	**33,31,678**
Gross NPA	21,070	24,542	33,360
Net NPA	5,994	8,862	13,680
Operating Profit	48,656	59,257	68,402
Provisions & Contingencies	19,660	25,503	30,183
Net Profit	28,995	33,754	38, 219

It is submitted that it is relevant and pertinent to note that the Public Sector Banks are not performing well when compared to the Private Sector Banks in respect of business figures as on 31.03.2015. In the case of public sector banks the total business of Rs. 1,26,71,730 crores, the Gross NPAs are 2,78,877 crores , the net NPAs are Rs. 1,59,973 crores and the net profit is Rs. 37,820 crores.

However, Private Sector Banks are comparatively performing well when compared to the Public Sector Banks. The above table shows the performance business figures, with total business of Rs. 33, 31,678 crores on 31.03.2015, the Gross NPAs are 33,360 crores and the net NPAs are 13,680 crores, and the Net Profit is 38,219 crores. The above figures and information is obtained from the web site of Indian Banks' Association, which are enclosed to this representation as **Annexure-A to F** respectively, such as

i. The statement of Deposits, Investments and Advances as on 31st March of 2013, 2014 and 2015 of public sector banks, marked as **ANNEXURE-A**

ii. the statement of Total Assets, Gross and Net NPAs as on 31st March of 2013, 2014 and 2015 of public sector banks, marked as **ANNEXURE-B,** and

iii. the statement of Operating Profit, Provisions & Exigencies and Net Profit as on 31st March of 2013, 2014 and 2015 of public sector banks, marked as **ANNEXURE-C**

And likewise,

iv. the statement of Deposits, Investments and Advances as on 31st March of 2013, 2014 and 2015 of private sector banks, marked as **ANNEXURE-D,**

v. the statement of Total Assets, Gross and Net NPAs as on 31st March of 2013, 2014 and 2015 of private sector banks, marked as **ANNEXURE-E,** and

vi. the statement of Operating Profit, Provisions & Exigencies and Net Profit as on 31st March of 2013, 2014 and 2015 of private sector banks, marked as **ANNEXURE-F.**

08. It is submitted that, when the profits of the bank are high, the dividends to the share holders particularly major share holder the Government of India and staff wages would be better, depositors will be paid higher rate of interest and borrowers will be charged at lower rate of interest. Conversely, if the profits of the bank are low, the dividends to the share holders and staff wages won't be better and the depositors will be paid at lower rate of interest and naturally the borrowers will have to be charged high rate of interest.

Further, genuine demands of the employees, such as upgradation of pension on par with Government employees, improvement in family pension etc., are being denied on the premise that the banks' balance sheets does not permit incurring additional expenses on account of poor Profit and Loss figures.

It is submitted that it is pertinent and relevant to note, **the depositors, senior citizens and share holders who are depending on interest and dividend income as well as existing and retired employees, will be affected by the public sector banks, which have incurred losses or earned low profits, due to high provision made on NPAs, in such a situation, their <u>Right of Life is violated under Article 21 of the Constitution of India.</u>**

It is submitted that the amount of NPAs are not further available for deployment and they will remain stagnant without any income to the banks, which will have adverse impact on credit expansion of the banks and the needy borrowers in trade, commerce, agriculture, small business, industry, exports, infrastructure areas will be starved of credit and thereby affect the economic activity in the country which ultimately affect the GDP of the country.

On the contrary unscrupulous borrowers divert the funds of the banks and enjoy at the cost of various stake holders of the bank, especially the employees who are Non-Government Appointees, who give their brain and bran to earn profits for the banks.

09. It is submitted that it is matter of concern and it has substantial and larger public interest about the performance of the public sector banks. The major share holder with more than 51% of capital is owned by the Government of India and its public sector undertakings. The capital is coming from the exchequer of the country, to which the taxpayers/public/common man is contributing. Therefore, there is public interest in the performance of the Public Sector Banks. It is pertinent to note that in year 2014-15, the Public Sector Banks, with the total business of Rs. 1,26,71,730 crores the net profit earned is only Rs. 37,820. crores, whereas the Private Sector Banks with the business figures Rs. 33,31,678 crores, the net profit earned is Rs. 38,219 crores. Therefore, the Public Sector Banks with nearly 4 times more the business figures of Private Sector Banks, net profit earned is less than that of Private Sector Banks. This is mainly due to high provisions and exigencies made by the Public Sector

Banks when compared to Private Sector Banks. The provision and exigencies made by the Public Sector Banks is Rs. 1,00,277 crores as on 31.03.2015 against the provisions and exigencies made by the Private Sector Banks is only Rs. 30,183 crores during the corresponding period. This provision and exigencies made in the books of the banks is mainly due to high NPAs. The NPAs are high in Public Sector Banks and whereas the NPAs are on lower side in Private Sector Banks.

10. It is respectfully submitted that the management of NPAs in Public Sector Banks is not efficient when compared to the management of NPAs in Private Sector Banks. It is submitted that the Chairman and Managing Directors, Managing Director and Chief Executive Officers, Executive Directors in Nationalized Banks and Chairman in State Bank of India and Managing Directors in Subsidiaries of State Bank India are appointed by the Government of India ('Government Appointees' for short). The high volume loans are being sanctioned by the above Government Appointees, appointed by the Government of India. It is interesting to note, when the loan assets goes bad, staff accountability examination will be conducted from the lowest cadre of Officers to the level of General Managers ('Non-Government Appointees' for short). But unfortunately, there is no Staff Accountability Examination for the Government Appointees, appointed by the Government of India. But in some cases, the committee of General Managers will conduct such staff accountability examination in respect of loans sanctioned by the Government Appointees, appointed by the Government of India, who are all superiors to the General Managers. These General Managers are subordinates of these Government Appointees, appointed by the Government of India and naturally subordinates never write anything adverse against their own bosses. Therefore the staff accountability conducted by the juniors on the loan assets sanctioned by the seniors is against the principles of natural justice and it is ineffective and inadequate in Public Sector Banks. **Further there is no effective and adequate staff accountability in the public sector banks to the Government Appointees, whereas the Non-Government Appointees are**

subject to staff accountability policy of the public sector banks, which is <u>discriminative and in violation of Article 14 of the Constitution of India</u>.

It is submitted that the Non-Government Appointees in the Public Sector Banks particularly in Nationalized Banks are governed by

a) Officers' Service Conditions Regulations 1979,
b) Officer Employees' (Conduct) Regulations 1976,
c) Officer Employees' (Discipline and Appeal) Regulations 1976,
d) Bank (Employees') Pension Regulations 1995 and,
e) Officer Employees' (Acceptance of jobs in private sector concerns after retirement) Regulations 2001.

Whereas the Government Appointees, appointed by the Government of India are not governed by any of the above Regulations, except that their Pension is protected in as much as they are treated being continuing in service in spite of the fact that they tender resignation on being appointed by the Government as Executive Directors of Public Sector Banks. So the Government Appointees appointed by the Government of India are vested with enormous administrative and financial powers, but have no corresponding accountability for any of their misconduct by way of disciplinary action. In fact the Government Appointees are appointed under the Nationalized Banks (Management and Miscellaneous) Scheme 1970/1980, which has no accountability policy to the Government Appointees. This is a yawning gap in the appointment of Executive Directors and Chairman and Managing Directors of Public Sector Banks and in spite of the fact that the Ministry of Finance is aware of this aspect, no action has been initiated to cover the loop hole that exist in the system thereby giving enormous scope of the Government Appointees to work at will and fancy and thereby striking at the interest of stakeholder with immunity.

11. Further, it is submitted that if a Junior most officer in Junior Management Grade/Scale I, wants to accept a job in private sector concerns after retirement, within one year from his retirement, he has to seek written permission from his past Employer, i.e. concerned PSU bank in writing under Officer Employees' (Acceptance of Jobs in private sector concerns after retirement) Regulations 2001. Whereas if a Government Appointee wants to accept job in private concern he need not seek written permission from his past Employer i.e. PSU Bank or the Government, being a Government Appointee prior to superannuation from bank under the said Regulations 2001, which is **discriminatory and in violation of Article 14 of the Constitution of India.**

For example in the case of Mr. M D Mallya, the then Chairman and Managing Director of Bank of Baroda, a PSU Bank, after his retirement on 30.11.2012, from Bank of Baroda, has joined M/s Nitesh Estates as a Director. Since Mr. M D Mallya is a Government Appointee and he is not subject to said Regulations 2001, has joined the M/s Nitesh Estates as a Director, without any written permission from his past PSU bank and the Government in contrary the junior officer has to undergo the rigor of obtaining the written permission from his past employer **which is against the principles of natural justice and it is discriminative and violating the Article 14 of the Constitution of India.**

Incidentally, during the period of Mr. M D Mallya as Chairman and Managing Director of Bank of Baroda, Bank sanctioned a proposal to house its Regional Office and other offices in Bengaluru in a premises developed by M/s Nitesh Infrastructure and Constructions, a member of Nitesh Group of companies. The proposal to take up the premises developed by M/s Nitesh Infrastructure and Constructions on lease was sanctioned by an Internal Committee of Executives for Premises headed by the then Chairman and Managing Director Mr. M D Mallya. There are several blatant irregularities with regard to norms of Central Vigilance Commission on tenders, violations of bank's own Premises Policy Guidelines 2009-2012 and various concessions are given to the developer without any justification. However, I have made a complaint to the Bank and to Central Vigilance Commission on 19.02.2014 and reminder to the bank on 13.03.2015 and also to the Regional Office 12.01.2016, no action in this regard is taken either by Central Vigilance Commission nor by the Bank, due to the reasons that Mr. M D Mallya is a Government Appointee and is not subject to any Discipline Regulations of the Bank, but Non-Government Appointees, in similar situations would be subject to Conduct, Discipline Regulations of the Bank, **which is discriminative and in violation of Principles of Natural Justice and Article 14 of the Constitution of India**. Despite the fact that the said leased premises, has no occupancy certificate issued by the municipal authorities for third floor of the said leased premises and the executives of the bank, at that time knowingly have made the bank to occupy the unauthorized premises of third floor of the said leased premises by spending crores of rupees on interiors, rental advance, rents etc. Further bank has not conducted checks in such leased premises, such as audit of the leased premises as per the terms of the sanction. Though I have made a complaint to competent authorities in the bank and also to the Central Vigilance Commission, no action is taken so far, so there is substantive and larger public interest/money is involved in this subject matter, in which an instrument of Act of an Parliament and a State as per Article 12 of the Constitution of India, has resorted to Disputable Banking Practice, which will not survive the test of Reasonability and the Law.

In fact, in the case of an officer in the scale of Junior Management Scale I to Top Management Scale VII, he has to specifically mention in his application as to whether he has dealt with the account/party where he propose to join in the last two years. If the information is in affirmative, then normally permission is being denied by the bank.

Further it is respectfully submitted that in another case, where the Managing Director of M/s Bhushan Steels, which has borrowed Rs. 40,000 crores from largest Public Sector Banks including State Bank of India and Punjab National Bank was arrested in an alleged Cash for Loan by CBI along with Syndicate Bank Chairman and Managing Director Mr. S.K. Jain who involved in this scam. Though the CBI is investigating and prosecuting the scam on criminal angle, but there is no internal action by the PSU bank

Syndicate Bank against the Chairman and Managing Director, **<u>which is biased, discriminative and in violation of Article 14 of the Constitution of India and Principles of Natural Justice.</u>**

12. It is respectfully submitted that the Public Sector Banks of Staff Accountability Policy to conduct accountability in respect of NPAs, the policies of such staff accountability of Bank of Baroda, Punjab National Bank and Syndicate Bank are reproduced hereunder for better clarity:

a. In Bank of Baroda the in-house arrangement is as under: Vide circular No. BCC:RM"101:40 dated 30.09.2009 to, Regional/Zonal offices in India.

JURISDICTION	AUTHORITY
All advance accounts sanctioned or reviewed with increase by branches having categorization of Scale I, II or II (Categorized as C- level account)	Regional Committee, the members of the Regional Committee are a) Regional Head of the concerned Region, b) Deputy Regional Manager, c) One nominated branch head in the rank of SMG/S – IV or MMG/S – III d) Regional Risk Management Officer A quorum of 3 shall be necessary with compulsory presence of Regional Manager or Dy Regional Manager.
All advance accounts sanctioned or reviewed with increase either by branches categorized in Scale – IV and above or sanctioned / Reviewed at Regional office, (Categorized as B – level account)	Zonal Committee, the members of the Zonal committee are a) Zonal Head, b) One nominated branch head in the rank of AGM/CM and c)AGM/CM (Co-ordination – other

	than credit) at Zonal Office, e) Zonal Risk Management Officer A quorum of 3 shall be necessary with compulsory presence of Zonal Head.
Advance accounts sanctioned or reviewed with increase at Zonal Office/by Authorities at Corporate office, (Categorized as A – Level account)	Corporate Committee, the members of the Corporate Committee are a) GM (Recovery) b) GM (Credit Monitoring) c) GM (Int'l Ops), d) GM (SME), e) GM (Risk Management) f) GM (Wholesale Banking) g) GM (Rural & Agri. Banking) A quorum of 3 shall be necessary.

It is observed in C Level accounts, the regions headed by Dy. General Managers/Assistant General Managers, the examination of staff accountability in NPAs is effective, likewise, in B level accounts, the zones are headed by General Managers, the examination of staff accountability in NPAs is effective.

But in A level accounts the accounts sanctioned by General Managers at Zonal Offices, the examination of staff accountability in NPAs, is conducted by the same rank of General Managers in the Corporate Committee, Further the members of the Corporate Committee, GM (Recovery) and GM (Risk Management) all other GMs of the Corporate Committee are the lending authorities. So in their own sanctioned accounts, the GMs are conducting examination of Staff Accountability in NPAs, which has conflict of interest and against the principles of Natural Justice.

Further the sanctioning Authorities at Corporate Authorities in A level accounts, include, Government Appointees, appointed by the Government of India. Sanctions by these Government Appointees have to be examined in respect of staff Accountability in NPAs, by the Corporate Committee consisting General Managers, who are subordinates to sanctioning authorities, who are Government Appointees. A subordinate conducting examination of staff accountability in NPAs sanctioned by his superior won't be effective and adequate, is against any cannons of administrative policy.

b. In Syndicate Bank, the in-house arrangement is as under: (Vide circular No. 055-2011-BC-PD-10-SAC dated 21.02.2011)

i) At Regional Office level

Authority	Amount outstanding (FB+NFB)
Chief Manager posted in second line officers in Regions headed by AGMs and in Region headed by DGMs where no AGM is posted	Up to Rs. 10.00 lacs
AGMs posted as Regional heads and AGMs posted as second line officers in Regions headed by GMs and DGMs	Up to Rs. 100.00 lacs
DGMs posted as Regional heads and DGMs posted as second line officers in Regions headed by GMs	Up to Rs. 200.00 lacs
GMs heading Regions	Up to Rs. 500.00 lacs.

ii) Cases beyond RO powers have to be referred to Staff Accountability Cell at HO; SAC and shall be disposed of as follows:

General Manager Staff Accountability Cell	Up to aggregate fund based and non-fund based limits of 1000 lacs.
Executive Director	Aggregate fund based and non- fund based limits

	above Rs. 1000 lacs up to 2000 lacs through General Manager, Staff Accountability Cell.
Chairman & Managing Director	Aggregate fund based and non- fund based limits above Rs. 2000 lacs through GM, SAC and Executive Director.

It is observed that the examination of staff accountability is based on the amount of limits and not on the authority that has sanctioned. If the sanction is by Executive Director or Chairman and Managing Director, the examination of staff accountability by subordinate GM, SAC and Executive Director is subject to conflict of interest and against principles of Natural Justice.

c. In Punjab National Bank, the in-house arrangement is as under: (vide IAD circular No. 24/2013 dated 29.10.2013)

S.No	Aggregate sanctioned limit	Competent Authority for taking view on investigation and/or staff accountability
a	Up to Rs. 80 lacs	COSAC – Committee of 3 senior officials in the rank of CH/AGM/CM (Convener functional manager of Inspection & Audit section at Circle Office)
b	Above Rs. 80 lacs and up to Rs. 4.00 crores	FGMSAC – Committee of 3 senior officials AGM-CO nominated by FGM, AGM-ZAO, AGM-FGMO, (Convener, CM FGMO)
c(i)	Above Rs. 4.00 crores	Committee of 3 GMs at HO (IAD, Recovery & IRMD) for taking a view on conducting/not conducting investigation. (Coordinator –Recovery Division HO)
c(ii)	Above Rs. 4.crores & up to Rs. 10.00 crores	HOSAC 1 – committee of 3 DGMs at HO (IAD, Recovery, & MARD Divisions) for examining accountability (Coordinator DGM-IAD)
c(iii)	Above Rs. 10.00	HOSAC II – Committee of 3 GMs at HO

	crores	(IAD, Recovery, Credit Review & Monitoring Divisions) for examining accountability (Coordinator DGM-IAD).

It is observed that the examination of staff accountability is based on the amount of limit and not on the authority that has sanctioned. If the sanction is by Executive Director or Chairman and Managing Director, the examination of staff accountability by subordinate GMs, would be subject to conflict of interest and against principles of Natural Justice. **So the present in house policies of these PSU banks on staff accountability, <u>is inadequate, ineffective, biased, discriminative and in violation of Principles of Natural Justice and Article 14 of the Constitution of India.</u>**

13. It is submitted that when the banks lend to the borrowers, at the same time, bank has to maintain adequate capital, that is to say that each loan asset has a degree of risk to the lending bank and to mitigate the risk, bank is required to maintain capital. The loan assets have different degrees of risks, for example, if the loan asset is guaranteed by the Government, the risk in respect of such loan asset is zero and likewise, the loan assets backed by securities or without securities will have risks according to the formula given by the RBI. On the type of these risk weighted assets, capital is to be maintained by the banks, which is called Capital to Risk weighted Assets Ratio (for short 'CRAR'). At present the CRAR stipulated by the RBI is at 9%. It is submitted that when the banks have less NPAs, the profits will be more and profits are available for dividend distribution among the owners, depositors will be paid higher interest on their deposits, and borrowers will have to pay lower rate of interest on their borrowings, and the balance left out will be capitalized, which will rank for CRAR. In this process the banks will be healthy and sound which will speak of soundness of banking industry in the country and also economic status of the country.

Conversely, when the NPAs are on higher side, there would be low profit or loss among the banks which will have disastrous ramifications, no dividend or less dividend to the owners, depositors will be paid at lower rate of interest and borrowers will be charged higher rate of interest, there won't be anything left to capitalize, thereby the health and soundness of the banks would be deteriorated which will have direct impact on banking industry and status of economy of the country. In that case, the capital of the banks won't be adequate and there are some occasions that the major owner of the banks of public sector banks, Government of India, has infused capital into the banks to maintain the CRAR at 9%. In the latest budget of 2016-17, the Finance Minister in his budget speech announced a sum of Rs. 25000 crores as capital infusion to the public sector banks. This amount of Rs. 25000 crores is met by the taxpayers/public/common man of the country, in which substantial and larger Public Interest is involved.

It is submitted that the banks finally are writing off these NPAs to the debit of their respective profit and loss accounts, the consequence of these writing off NPAs, is an incentive to the defaulters, adverse impact on the climate of recovery of NPAs in future and loss to the banks, which will result in loss to the country and its people, depositors, shareholders, who have to bear the burden of capital infusion to the banks, and the loss on account of writing of these NPAs by the public sector banks.

It is respectfully submitted that I have obtained information about the writing off NPAs from the RBI under RTI Act, 2005, which is reproduced in the table herein below:

Amount in Crores of Rs.

During the Period	NPAs written off #		NPAs sold to ARC $	
	PSBs	PVBs	PSBs	PVBs*

2010-11	17,794	3,018	379	221
2011-12	15,551	3,695	205	89
2012-13	27,231	4,896	361	624
2013-14	34,409	6,461	15,962	1,526
2014-15	52,542	7,318	27,585	3,438
Mar-15 to Sep-15	Not available		3,062	2,862

* Private Banks.

#. Source : Off-site annual balance sheet returns, global operations

$ Source: Offsite DSB returns, domestic operations

Data on sale price is not available with us.

14. It is submitted that the NPAs written off, is increasing alarmingly year after year in public sector banks, when compared to the private sector banks, which speaks that there is effective and adequate checks and balances in the private sector banks and the checks and balances is not effective and adequate in public sector banks. It is pertinent and very relevant to note that the NPAs written off in the year 2014-15 in public sector banks is to the tune of Rs. 52,542 crores, which has resulted in reduction in capital structure of the banks, against which the Finance Minister has announced capital fusion of Rs. 25000 crores to the public sector banks. First of all this writing off of NPAs Rs. 52,242 crores is loss to the country and it is against public interest, coupled with infusion of capital Rs. 25000 crores to the public sector banks is burden to the tax payers/public/common man of the country. So there is double loss to the public. Further the trend in writing of NPAs year after year is worsening which is further against the public interest. Therefore, the functioning of Government Appointees who are at the helm of the affairs of the Public Sector Banks has to be microscopically examined, in view of the fact that the involvement of public money as capital of the banks, investment of depositors money as resources of loans, and investment of share holders money. Further the amount of NPAs is the money of the depositors deposited in the banks and not belongs either to Government of India or RBI. Further, the NPAs are increasing on account high volume loans such as

Kingfisher Airlines etc, which are sanctioned by the Government Appointees. As there is no checks and balances to the Government Appointees,

a. the Government Appointees have Power without Responsibility and Accountability,

b. the Government Appointees have no fear of committing wrong,

c. the Government Appointees have no fear of punishment,

d, the Government Appointees, are sanctioning high volume loans care freely in view of the fact that there is no accountability and responsibility,

which is discriminative and **against the Principles of Natural Justice and Article 14 of the Constitution of India,** when compared to the Accountability and Responsibilities of the Non-Government Appointees.

15. It is submitted that it is reported that the Public Sector Banks have posted, huge losses and nominal profits during the year ending 31.03.2016 and the under mentioned table gives a clear position of performance of Public Sector Banks in the said financial year against the corresponding previous financial year enduring 31.03.2015.

Sr. No.	Name of the PSU Bank	Net Profit in the year 2015 in crores of Rs.	Net Profit/loss in the year 2016 in crores of Rs.
1	Bank of Baroda	+3398	-5395.55
2	Bank of India	+1709	-6089.21
3	Punjab National Bank	+3062	-3974.39
4	Canara Bank	+2703	-2812.82
5	Union Bank of India	+1782	+1351.60
6	IDBI Bank	+ 873	-3664.80
7	Syndicate Bank	+1523	-1643.49
8	Central Bank of India	+ 606	-1418.12
9	Indian Overseas Bank	- 454	-2897.33
10	UCO Bank	+1138	-2799.25

11	Oriental Bank of Commerce	+ 778	+ 156.08
12	Corporation Bank	+ 584	- 506.48
13	Allahabad Bank	+ 621	- 743.31
14	Indian Bank	+ 1005	+ 711.38
15	Andhra Bank	+ 638	+ 539.84
16	Bank of Maharashtra	+ 451	+ 100.69
17	Vijaya Bank	+ 439	+ 381.80
18	Dena Bank	+ 265	- 935.32
19	United Bank of India	+ 256	- 281.96
20	Punjab & Sind Bank	+ 121	+335.97
	Total of PSU Nationalized Banks	**+21498**	**-29584.67**

It is respectfully submitted that the Nationalized banks with IDBI Bank and excluding State Bank group have posted an aggregated net profit of Rs. 21498 crores in the year ending 31.03.2015 and against which they have posted an aggregated net loss of Rs. 29584.67 crores in the year ending 31.03.2016, which is a cause of concern to the depositors and share holders of the banks and tax payer of the country. By virtue of posting huge net losses and nominal profit by these banks, the depositors will be paid low rate of interest on their deposits, borrower will be charged high rate of interest, dividend won't be paid to the share holders and further on account of this huge net losses and nominal profits, the reserves and share capitals of these banks will be lowered or eroded, thereby, the Government of India has to infuse capital at the cost of tax payer of the country to maintain requisite share capital. The Finance Minister has already made an announcement in the budget for the 2016-17, that a sum of Rs. 25000 crores will be infused to these PSU banks and further if need further infusions will be made. **The senior citizens, small share holders, and depositors, who are depending upon interest and dividend income, will be hard-pressed due to inadequate income to maintain their livelihood, and their Right to Life is violated as per the Article of 21 of the Constitution of India.** Besides, the interest of serving and retired employees is also being jeopardized in as much as Banks are summarily rejecting even genuine and justified demands for perks, pension upgration on par with Government employees on the premise that the balance sheet does not permit.

It is submitted that it is ironical that while they are accountable and responsible for their misfeasance, malfeasance etc., they are covered under the incentive scheme of the bank and as such draw incentives to the extent lacs of rupees substantially. Which speaks volumes about the discriminatory approach in dealing with these Government Appointees.

It is submitted that it is worth mentioning here that the past Government Appointees are responsible for hiding huge amount of NPAs, only with a view to post inflated profits and earn huge incentives. The current crisis of ballooning in NPA figures in banking sector is mainly on account of such malpractices on the part of Government Appointees.

Further the mechanism to go into the Staff Accountability of Government Appointees is loaded in favour of them in as much as the staff accountability is being examined by the Committee of General Managers, in the case of Bank of Baroda, who just do not take the risk of pointing out any discrepancies in sanctioning of loans by their bosses. There is not even a single instance where discrepancies have been brought out fixing the accountability. A live example is the case of Kingfisher Airlines, in which the Government Appointees have taken its brand, valuing at Rs. 4100 crores, which is in the nature of intangible asset as pledge for the loans sanctioned worth Rs. 6500 crores. The present value of this brand is not even Rs. 100 crores according to authentic media report. The decision of Government Appointees in this regard is not a prudent one and it is Disreputable Banking Practice.

In the context of the above, it is felt expedient that there is a need to go into all aspects of sanction of BAD LOANS by Government Appointees of Public Sector Banks either by CBI or by a SIT whose members can be selected by the Banks Board Bureau to conduct an forensic audit, so as to fix the responsibility to the wrong doer, in order that the Banking Systems is sufficiently insulated and guarded from unscrupulous Government Appointees, in the interest of Depositors, Share holders, Tax Payers, serving and retires employees of PSBs, People, Nation, Justice and equity.

It is submitted that these huge losses or nominal profits are posted by the PSU banks on account of high provision made in respect of high volume NPAs sanctioned by the Government Appointees. The accounts are mentioned as under:

a. Kingfisher Airlines	Rs. 2,673 crores
b. Winsom Diamonds & Jewellery Co	Rs. 2,660 crores
c. Electrotherm India	Rs. 2,211crores
d. Zoom Developers P Ltd	Rs. 1,810 crores
e. Sterling Biotech	Rs. 1,732 crores
f. S Kumars Nationwide	Rs. 1,692 crores
g. Surya Vinayak Industries	Rs. 1,446 crores
h. Corporate Ispat Alloys	Rs. 1,360 crores
i. Forever Precious Jewellery & Diamonds	Rs. 1,254 crores
j. Sterling Oil Resources	Rs. 1,197 crores
k. Varun Industries	Rs. 1,129 crores

These high volume loans sanctioned by the Government Appointees have contributed to the large volume of NPAs in the Banking Industry, particularly from Public Sector Banks, and also contributed to the huge losses and nominal profits due to high provision on these high volume NPAs. In similar situation, the Non-Government Appointees, who have sanctioned medium and low volume loans which have turned to NPAs are subject to Conduct, Service and Discipline Regulations of the banks and in contrary the Government Appointees are not subject to any such Regulations of the Bank, which is **discriminative and in violation of Article of 14 of the Constitution of India**. Hence there is a need to bring the Government Appointees to network of the Regulations applicable to Non-Government Appointees, such as

a) Officers' Service Conditions Regulations 1979,

b) Officer Employees' (Conduct) Regulations 1976,

c) Officer Employees' (Discipline and Appeal) Regulations 1976,

d) Bank (Employees') Pension Regulations 1995 and,

e) Officer Employees' (Acceptance of jobs in private sector concerns after retirement) Regulations 2001,

to have checks and balances on the Government Appointees.

16. It is submitted that in recent times, the default of Kingfisher Airlines Limited ('KFA' for short) is in news in the media. KFA has borrowed Rs. 6500 crores from the banks under Consortium of various banks, with different amount of stakes of participant banks. These are high volume loans, sanctioned by Government Appointees in public sector banks. The consortium of banks of various participant banks has taken the Patent Right/Trade Mark/Brand of the KFA 'KINGFISHER' as pledge. The patent right/trade mark/Brand is intangible asset valued at Rs. 4000 crores. The intangible asset is in the nature of Goodwill. **This Goodwill will have good value in good times of the Borrower Company and conversely, it will have low value or no value in bad times of the borrower company.** The Trade mark of KFA has no buyers today as per the authentic media reports. It is submitted here that the decision of Government Appointees in taking the trade mark of KFA as a security worth Rs. 4000 crores is not a prudent one. In the absence of any Staff Accountability Policy covering these Government Appointees, there will be reckless sanctions by the Government Appointees, as they are not coming under the net of Staff Accountability policy of the public sector banks. It is pertinent to note that the RBI has not taken any suo moto action in this regard to bring the Government Appointees, to the net of Staff Accountability who have not taken prudent banking decision in taking the trade mark of KFA as pledge for the huge loan amount of Rs. 6500 Crores sanctioned by them to KFA. RBI is Banking Monitoring authority and Regulator in the country with wide powers and has a separate department called Department of Banking Supervision.

It is respectfully submitted that the, Press, the Finance Minster, the Governor of Reserve Bank of India, Chairman of Public Accounts Committee, Chief of CBI and various professionals have expressed their concern on the growing NPAs and its impact on the banks and the economy of the country, which is elaborately narrated date wise and event wise in the Para hereunder in a tabular form:

07.05.2014	All India Bank Employees' Association, a trade union body representing majority of workmen in the Banking Industry published a list 406 bank loan defaulters on 07.05.2014 in Mumbai edition of The Hindu and requested the RBI to take stringent action against defaulters, and to take steps to declare loan default as criminal offence. However, no action is being taken by the Regulator, the RBI.
15.01.2016	The Stocks of Public Sector Banks are falling due to steep raise in NPAs and further the Regulator RBI has identified around 150 corporate accounts which are currently standard assets, to be classified as NPAs which amounts to nearly 2% total NPAs amounting to Rs. 1.5 lakh crores, according to Business standard. These 150 loan accounts were not classified as NPAs by the Government Appointees and they have tried to suppress the fact, which requires to be probed by the Competent Authority in the country.
30.01.2016	I have made a representation to the Government of Indi and Reserve Bank of India praying them to evolve a scheme on conducting the examination of Staff Accountability in high volume NPAs and supervision of NPAs, as the present in house such policies in the banks is not adequate ad effective, in the interest of Depositors of the banking industry and the nation.
09.02.2016	27 Public Sector Banks have written off over Rs. 1.14 lakh crores of Bad Debts in last 4 years, which is a double loss to the depositor, shareholder of the respective banks and ultimately to the tax payers, according to The Times of India.
12.02.2016	Provisioning on account of NPAs has drowned the profits of the banks, State Bank of India, Union Bank and Indian Bank have reported large fall in profits during quarter ended December, 2015, whereas the Bank of India and Oriental Bank of Commerce have reported loss in the said quarter according to Business Standard.
12.02.2016	Dr. Raghuraman Rajan, the Governor of RBI, says that the Band-aid won't do, banks need deep surgery, this observation came from him in the wake of reports that about Rs. 1.14 lakh crores worth of bad loans were written off, at the expense of depositor, shareholders and taxpayers of the country, as reported in Indian Express.
13.02.2016	Main factors ranging from poor credit appraisal to political interference and mismanagement by borrowers has lead

	Bank after Bank especially government owned bank to come with poor results in third quarter. Public Sector Banks have stressed assets in the vicinity of 17% at the end of September, 2015, according to the editorial of The Hindu.
17.02.2016	The Chairman of State Bank of India says that the bad loans may increase further and adversely affect the bank's profits. The NPAs stood at Rs. 72,791.73 crores at the end of December 2015 as against Rs. 61,991.45 crores in the same quarter previous year, according to The Hindu.
23.02.2016	10 PSU banks with over 7% NPAs each account for 50% of bad loans. RBI directed to identify nearly 150 corporate accounts to classify them as NPAs by following standard procedure and make provision in the next two quarters of FY 2016, according to Times of India.
26.02.2016	The RBI replied to my representation dated 30.01.2016, by requesting me to forward the specific instances wherein the inadequacies in internal policy of examining staff accountability in NPAs were observed so as to enable them to proceed further in the matter.
01.03.2016	Finance Ministry announced in his budget speech that Rs. 25,000 crores will be infused as Capital to the Public Sector Banks, due to heavy provision on steep increase in NPAs and writing off bad loans. He has further said if there is need, additional funds would be infused, at the cost of depositor, shareholders of public sector banks and tax payers, according The Hindu.
03.03.2016	The Central Bureau of Investigation, Director Mr. Anil Sinha said that 'something is seriously wrong' at Rs. 3 lakh crores of NPAs in Public Sector Banks. Further he said significant part of the defaults are willful and fraudulent , which causes greater concern that a major part of the NPAs and frauds are in large value accounts, according to the Business Standard.
04.03.2016	The Indian Express reports that CBI reports how banks took Brand Kingfisher as Collateral. The CBI says that "Lending on the brand value of Kingfisher Airlines is a major concern". It is basically an intangible asset, we have questioned the an banks. Further it is reported as " According to a Banker, who did not wish to be named, it is not common for banks to accept brands as collateral. ' None of the banks in India have capitalized brand value in their balance sheet. It is an intangible asset,' said the banker"
07.03.2016	NPAs are rising very steeply, there are no checks and balances, Government is methodically recapitalizing the banks at the cost tax payer, and impact of NPAs has caused losses or low profits to the banks. Small borrowers, agriculturists are committing suicide due default, whereas the

	high volume defaulters are scot-free, according to the Weekly magazine Outlook.
16.03.2016	Business Standard has reported that the Public sector banks have written off 38 accounts worth Rs. 8,033 crores in 2015-16 as against Rs. 13,018 crores in 47 accounts in 2014-15 in volume loan accounts sanctioned by the Government Authorities who are not subject to Staff Accountability Policy of the banks and they have Power without Responsibility, no fear of committing wrong and no fear of punishment and they are care freely sanctioning high volume loans.
23.03.2016	Business Standard has reported that Fresh evaluations peg Kingfisher Airlines brand value at less than Rs. 100 Crores. Further it has been reported that ‘ the defunct Kingfisher Airlines which owes around Rs. 9000 crores to various banks had used a valuation of Rs. 4100crore (done by Grant Thronton in 2011-12) for its brand as the single largest collateral for its loans. However the valuation done by the lenders through RBSA Advisors in 2013 is around 200 crores and the present valuation done in 2015 is pegged at Rs. 100 crores.
12.04.2016	Banks confirm that the recoveries crawl as write-off of bad loans swell in government owned banks. SBI wrote off 41,640 crores in the last 10 years and failed to recover even one third of this amount in the same period.
02.05.2016	Public Accounts Committee Chairman asks the Governor Dr. Raghuraman Rajan to explain ‘real causes’ of bad-loan menace and the Governor submits that ‘overall economic downturn’ is the reason. Public Sector Bank first refused to appear before the PAC but agreed later and made their submission. The PAC has found that in number of cases, the same bankers were trying to retrieve the bad loans who had earlier sanctioned the loans, as reported in the Business Standard.
10.05.2016	Deccan Herald reports that Resolve NPA crisis with bank mergers. Banks which cannot survive without the government’s capital infusion must be absorbed by larger banks.
15.05.2016	Deccan Herald further reports that NPAs may rise to 6.95% under stress by March 2017 in a severe stress scenario. So there is urgent need for checks and balances and staff accountability to the Government Appointees.
16.05.2016	Banks have reached peak of NPAs and tapering process is likely: Jaitely, as ported in the Times of India.
18.05.2016	The Economic Times reports that the Punjab National Bank reports Rs. 5367 crores loss for December 2015 quarter as

	against profit of Rs. 307 crores in December 2014. This is the biggest loss ever in Indian Banking history. RBI has taken Asset Quality Review and has advised the banks to classify hitherto classified standard assets as NPAs to cleanse the balance sheets of the public sector banks. In the process the common man has to bear this exercise.
18.05.2016	The Economic Times reports that the stocks in public sector banks which are hit by NPAs are not worth investing, thereby the shareholders of the banks are at a loss on account of management of NPAs without checks and balances to the Government Appointees whose sanctioned large volume accounts have turned NPAs.
21.05.2016	The Hindu reports that the Banks have been advised to increase loan loss coverage ratio by RBI, which will result in loss to the depositors, shareholders and taxpayers.
28.05.2016	The Hindu, Bengaluru edition on 28.05.2016 reports stating that the Public Sector Banks are continuously posting loss due to steep raise in providing provision on NPAs. The Banks are State Bank of India, Canara Bank, Central Bank of India and Indian Overseas Bank.

17. It is submitted that the amount of money involved in NPAs, belongs to the depositors of the banks and it does not belong neither to the Government of India nor to the Reserve Bank of India and the share capital amount of the small share holders of the banks and share capital owned by the Government of India, belongs to the tax payers/people of the country, the Government Appointees who are at the helm of the affairs of the banks are accountable and responsible to the depositors, shareholders, people and tax payers of the country.

Government Appointees, as individuals are accountable to the people/depositor/tax payers of the country. Accountability is the power of the people/depositors/tax payers to demand answers about the decisions and actions of Government Appointees.

Public confidence and Public stakes are involved in the business of the banks. The actions of the Government Appointees affect the Public Confidence. Therefore, it is necessary to check the actions and decisions of Government Appointees, to ascertain the Powers are properly and judiciously exercised in good faith and responsibly.

18. It is respectfully submitted that due to lack of such checks and balances, the Government Appointees have power without responsibility, they have no fear committing wrong and punishment and they are lending depositors money care freely and getting scot free, which has resulted in Internal Governance Deficit. This Internal Governance Deficit has caused the present mess of NPAs in the Banking industry, which has resulted in adverse impact on economic activities of the country. Further the Government is also at double loss, that there is no dividend for the capital invested and further it has to infuse capital to the banks.

19. It is respectfully submitted that I have not represented to any authority on the same subject matter. It is submitted that there is no alternative and efficacious remedy to me but to approach the addressees, as per the Orders dated 20.06.2016 of the Hon'ble High Court of Karnataka at Bengaluru, passed in W.P. No. 30922/2016 (PIL).

20. It is submitted that this Representation is submitted in time.

III. PRAYER.

WHEREFORE, for the reasons assigned and mentioned in Para 1 to 20 above, I humbly pray that the Union of India, represented by its Secretary, Ministry of Finance, Department of Financial Services New Delhi and the Reserve Bank of India, represented by its Governor, Central Office, Mumbai, be pleased

a. to evolve a policy on conducting the examination of Staff Accountability in high Volume NPAs sanctioned by the Government Appointees and supervision of NPAs, as the present in house policy in the banks is not adequate and effective in the interest of depositors of the banking industry, taxpayers, share holders and the nation and is in violation of Article 14 of the Constitution of India.

b. the Government Appointees to be brought to the Service Conditions, Conduct and Discipline and other Regulations of the Public Sector Banks, as applicable to the Non-Government Appointees, otherwise, the present system is discriminative and in violation of the Article 14 of the Constitution of India.

c. the actions and decisions of the Government Appointees in high volume loans which have turned into NPAs, due to the fact that Government Appointees have Power without Responsibility, no fear of committing wrong and punishment, and care freely lending the depositors money, which has resulted in high NPAs and huge losses and nominal profits, thereby the livelihood of the senior citizens, depositors and shareholders of the banks has been affected and violated the Right to Life under Article 21 of the Constitution of India.

d. the Accountability is the power of the people/depositors/tax payers to demand answers about the decisions and actions of Government Appointees and there is Internal Governance Deficit at present in the banks, so there is need to investigate into the high volume loans sanctioned by these Government Appointees in Public Sector Banks by the Comptroller and Auditor General of India or by Central Bureau of Investigation and by Special Investigation team selected by Bank Board Bureau for conducting forensic audit and to take suitable action against the erred Government Appointees as per Law.

e. the Government to make a thorough study with regard to capital requirements of public sector banks' before taking a decision to infuse capital to them at the cost of tax payer/common man, by the Comptroller and Auditor General of Country.

f. To take such other measures as the government of India and Reserve Bank of India deems fit and expedient in the facts and circumstances of the case, in the interest of depositors, shareholders, tax payers, people of the country and also in the interest of justice and equity.

Yours faithfully,

(K.R. GANESH RAO)

Enclosures:

1. Annexure-A, statement of Deposits, Investments and Advances as on 31st March of 2013, 2014 and 2015 of public sector banks.

2. Annexure-B, statement of Total Assets, Gross and Net NPAs as on 31st March of 2013, 2014 and 2015 of public sector banks,

3. Annexure-C, statement of Operating Profit, Provisions & Exigencies and Net Profit as on 31st March of 2013, 2014 and 2015 of public sector banks,

4. Annexure-D, statement of Deposits, Investments and Advances as on 31st March of 2013, 2014 and 2015 of private sector banks

5. Annexure-E, statement of Total Assets, Gross and Net NPAs as on 31st March of 2013, 2014 and 2015 of private sector banks,

6. Annexure-F, statement of Operating Profit, Provisions & Exigencies and Net Profit as on 31st March of 2013, 2014 and 2015 of private sector banks,

7. Original certified copy of the Order dated 20.06.2016 passed in W.P. No. 30922/2016 by the Hon'ble High Court of Karnataka at Bengaluru to The Secretary, Union of India, Ministry of Finance, Department of Financial Services, New Delhi and
Downloaded copy of Order dated 20.06.2016 passed in W.P. No. 30922/2016 by the Hon'ble High Court of Karnataka at Bengaluru obtained from the web site of High Court of Karnataka, to The Governor, Reserve Bank of India, Central Office, Mumbai.

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