

## Govt lets CBI move against two former PNB officials

**SUNNY VERMA &  
SADAF MODAK**  
NEW DELHI, MUMBAI,  
AUGUST 13

THE GOVERNMENT Monday removed former MD and CEO of Allahabad Bank Usha Ananthasubramanian from service and granted permission to the CBI to prosecute her and former PNB executive director Sanjiv Sharan in the Rs 14,000-crore Nirav Modi scam, senior Finance Ministry officials said.

Ananthasubramanian, who was a former CEO of PNB, and Sharan were in May divested of all powers by their banks after

**CONTINUED ON PAGE 2**

## Govt lets CBI move against two ex-PNB officials

they were named in the CBI charge sheet relating to the scam. Ananthasubramanian was to superannuate Monday but has now been dismissed.

Apart from the CBI, the RBI had also sought government sanction for prosecution of Ananthasubramanian and Sharan under the Banking Regulation Act (BRA). The Centre would soon accede to the RBI's demand, the officials said.

"The RBI is empowered to take action under the BRA against them. The government sanction will enable the regulator to file an FIR against these officials under investigation," an official said. Prior permission of the government is needed to start proceedings against public servants, the official said.

In Mumbai, the CBI informed a special court that it had received the sanction to prosecute Ananthasubramanian on charges including criminal conspiracy, cheating, criminal breach of trust and those under sections of the Prevention of Corruption Act. Based on the CBI's plea, Special Judge J C Jagdale issued summons to Ananthasubramanian.

The sanction order, signed by Gurdeep Singh, Under Secretary, Ministry of Finance, states: "...after fully and carefully considering the facts of the case and circumstances of the case and after going through the FIR, both the complaints, copies of statements of witnesses recorded by the CBI and other material placed before me and having applied my mind, I am fully satisfied that Usha Ananthasubramanian being a public ser-

vant and appointed by the central government should be prosecuted for the offences punishable under section 120B, 420, 409 IPC and 13 (2) read with 13 (1) and (d) of Prevention of Corruption Act, 1988.."

It states that Ananthasubramanian in conspiracy with other accused persons "caused undue pecuniary loss" to PNB, and corresponding "wrongful gain" to Gitanjali Gems Ltd, Gili India Ltd and Nakshatra Brands Ltd and the other accused persons "without any public interest".

Other PNB officials against whom sanction for prosecution has been received include Manoj Kharat, the single window operator, Brady House branch; Bechu Tiwari, Chief Manager; Yashwant Joshi, manager; Prafful Sawant, officer; and, Nehal Ahad, General Manager.

A CBI official said that the sanction for prosecution against Sharan and another former PNB executive director K V Brahmaji Rao is yet to be received.

In May, while probing the alleged fraud involving diamantaires Modi and his uncle Mehul Choksi, the CBI had named 25 accused, including Ananthasubramanian and Sharan, and Nirav Modi's three firms Stellar Diamonds, Solar Exports and Diamond R' US, in its charge sheet.

One key reason why the scam went undetected at PNB was that its SWIFT (Society for Worldwide Interbank Financial Telecommunication) messaging platform was not integrated with the Core Banking Solution (CBS). Jeweller Modi allegedly used fake Letter of Undertakings

to defraud PNB in connivance with bank officials by exploiting this loophole. The PNB officials named in the CBI charge sheet allegedly ignored circulars in 2016 mandating the integration of the SWIFT and CBS.

PNB failed to reconcile its CBS despite reminders from the RBI because of which the main accused — former deputy manager of PNB's Brady House branch, Gokulnath Shetty — issued fraudulent LoUs for seven years. While the CBI charge sheet had said that there was negligence on the part of senior PNB officials, it was silent on whether there was any quid pro quo involved.

Ananthasubramanian's stint at PNB ended in May 2017 after the government, in an unusual move, sent some of the CEOs of large banks to smaller banks and moved her to Allahabad Bank. Earlier, she was the only chief executive of the Bharatiya Mahila Bank that was set up by the UPA and subsequently merged with the State Bank of India by the present government.

After the LoU scam came to light, PNB posted a net loss of Rs 13,416.91 crore for the January-March quarter, the biggest ever by any domestic lender, as provisions for bad loans tripled and the bank recorded an across-the-board deterioration in its financial performance.

In April, the CBI had booked Syndicate Bank MD and CEO Melwyn Rego, who was deputy managing director of IDBI, along with several others in the Rs 600 crore IDBI loan default case.