

BANK EMPLOYEES FEDERATION OF INDIA

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**Press Statement issued by General Secretary, Bank Employees Federation of India
on 18th Feb 2022 on ABG Shipyards Fraud**

The Indian economy is besieged by loot, plunder and frauds of colossal dimensions surfacing unabatedly without any let up aptly fed by the greed mongering neoliberal policy reforms adopted by the governments since 1991 and steamrolled by the present government over the people. In the last few years destabilising bank frauds of ₹5.35 lakh crores have emerged, a staggering ₹8.17 lakh crores bank loans were written-off while bank loan default mounted to an astounding ₹21 lakh crore, bulk of it appropriated by the large business barons at the cost of the national economy. Adding to the booty, the ABG Shipyards Ltd., bearing the signature of much vaunted 'Gujarat Model' defrauded banks of ₹22,842 crores, the biggest banking fraud in our history.

The Gujarat-based ABG Shipyards availed bank loans between 2005 to 2010 from a consortium of 28 banks led by ICICI Bank, a new generation private bank. Referring a CBI source the news portal, 'The Print' stated that the money was given out without due diligence by the private bank. The company was subsequently affected by the global financial crisis of 2008, there was no demand for commercial vessels as the industry was going through a downturn. Even Indian Navy and the Coast Guard terminated their orders to build warships and other vessels and after 2012, the financial condition of the firm started deteriorating, leading to it becoming NPA on 30 November 2013. Bank Employees Federation of India and several unions and left political parties had consistently sought forensic audit of all large NPA accounts to unearth the genesis of Bad Debt to be followed by criminal prosecution of the wilful defaulters but agents of neoliberal policies staunchly opposed it. The NPA account was restructured under the CDR mechanism in March 2014. Astonishingly, at that time an amount of ₹236.4 crores was already invested in the units of Standard Chartered Trust (Cayman) Ltd.

When the restructuring failed and the account again became NPA in July 2016, after a gap of nearly two years, the Ernst and Young LLP was appointed as the

forensic auditor in April 2018 and they submitted the audit report in January 2019 which revealed that between April 2012 and July 2017, the accused colluded together and committed illegal activities including diversion of funds, misappropriation and criminal breach of trust. The CBI suspects that the company had started diverting the money to tax havens much before the restructuring exercise.

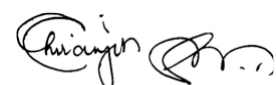
Although E&Y submitted the audit report in January 2019 but SBI filed a complaint after ten months in November that year. A fresh complaint was again filed in August 2020, but the CBI finally registered a case only on 7 February 2022 after 37 months after identification of the big fraud and issued a lookout notice to apprehend the promoters who by this ample time provided to them are suspected to have fled like Nirav Modi, Mehul Choksi and others.

Incidentally, the Finance Minister nonchalantly defended the delay and shirked the onus of responsibility of the biggest fraud in history under this government on the plea that the account was made operational during UPA regime.

The Bank Employees Federation of India demands for forensic review and audit of all large write-offs, frauds and defaults and stringent criminal action against all wilful defaulters and fraudsters of bank loans and their accomplices in the corridors of power. We unequivocally condemn the unholy nexus of unscrupulous politicians, corrupt bureaucrats, top level bankers, the nefarious business barons and appeals to the people to unite and rise as one in support of the General Strike at the call of Joint Platform of Central Trade Unions and independent Federations as well as several mass organisations on 28th & 29th of March 2022 in order to save the nation and its impoverishing people from the anti-people neoliberal policies ravaging the domestic economy any further.

To
The News Editor/Chief Reporter,

For favour of circulation/broadcasting/telecasting through your esteemed media,



CHIRANJIT GHOSH
JOINT SECRETARY