CBI's Move in ICICI Bank Case

Why in news?

\n\n

The Central Bureau of Investigation (CBI) recently filed a case against few, for allegedly cheating ICICI Bank of Rs 1,730 crore.

\n\n

What is the allegation?

\n\n

\n
- Cases are filed against former ICICI Bank MD and CEO, Chanda Kochhar, and her husband Deepak Kochhar.
\n
- The Videocon group managing director, Venugopal Dhoot, and firms run by Deepak Kochhar and the Videocon group are also under CBI's charge.
\n
- There is an alleged nexus between the Videocon group and Nupower Renewables Pvt Ltd of Deepak Kochhar.
\n
- The CBI has filed charges of criminal conspiracy, cheating and abuse of official position, against Chanda.
\n
- Evidence of self benefit or gratification ought to be the basis of a charge of criminal conspiracy and cheating.
\n
- The charge, in this case, is of “dishonestly sanctioning loans” to the Videocon group.
\n
- The first registered preliminary enquiry is into the sanctioning of the loan aggregating Rs 3,250 crore in 2017 which was declared a bad loan the same year.
\n

\n\n

How significant is CBI's decision?

\n\n

\n
- There are wider implications arising out of this case which will test the CBI's roles and responsibilities.
\n
- It will have a bearing on the CBI’s future anti-corruption drives against private banks especially after the SC's landmark judgement in 2016.
\n
- It said that private bankers can be treated on par with their state-owned peers in terms of being public servants under the Prevention of Corruption Act.
\n
- A successful prosecution could bolster CBI's credentials at a time when its accountability is under test in many cases.
\n
- The other likely impact could be on board governance in banks.
\n
- The case highlights the failure on the board oversight and performance front in many of India’s listed firms.
\n
- It shows their inability to address the misalignment of the interest of shareholders and that of the management.
\n

\n\n

What lies ahead?

\n\n

\n
- Now that the CBI has taken the first step, it should take the process forward.
\n
- It should ensure that the case does not drag on as seen in multiple instances of bank frauds in India.
\n
- But caution should be taken that the move does not lead to bankers adopting an ultra conservative approach to lending.
\n
- The implications of such a stance will be serious for financial stability, growth and in turn fiscal consolidation.
\n
- The key, now, is in getting the balance right.
\n

\n\n

\n\n

Source: Business Line

\n