# Concerns with CBI Actions on Banks Cases

## What is the issue?

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- In recent times there are growing number of cases which involves CBI investigation.
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- But the actions taken by CBI in cases involving banks has shown signs of an unjustified passion.
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## What are the significance of CBI?

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- CBI is the premier investigative agency in the country with a dual responsibility to investigate grievous cases and provide leadership and direction in fighting corruption to the Police force across the country.
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- The aim of the organization is to uphold the law of land through in-depth investigation and successful prosecution of offences.
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- The wide ambit of CBI responsibilities ranges from political corruption to corporate fraud.
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- The CBI’s investigations are considered to be open-ended and which would have a destabilising impact on the political economy.
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## What are the status of Bank cases involving CBI?

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- **IDBI Bank Case -** FIR’s against 15 senior executives of IDBI Bank were issued in a case involving two separate loans, given in 2010 and 2014, to two

separate companies of the original owners of Aircel.
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- Reportedly, after the first company failed to repay a ~3.22 billion loan and filed for bankruptcy.
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- IDBI Bank gave another loan of Rs 5.23 billion to another group company with the intention of recovering the first loan.
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- IDBI Bank has said it has made full provisioning for the loans, which became non-performing.
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- **80:20 scheme case -** The CBI questioned a former Reserve Bank of India deputy governor on the reasons for "rushing through".
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- It is a circular on the central bank's gold import policy, which was introduced in 2013 to curb gold imports.
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## What are the assertions made by CBI in the bank cases?

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- Much of the decisions taken by CBI as seen at the behest of whichever regime is in power, its recent actions are no less restrictive in nature.
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- In recent times, in the cases involving banks the CBI has shown signs of an unwarranted zeal.
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- In the IDBI case there is an open question whether the bankers could have foreseen the way the telecom sector would capitulate.
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- It is also difficult to ascertain whether it was an act of fraud or a bona fide decision that went wrong.
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- In 80:20 Scheme case the CBI's enquiries were linked to the collusive fraud between Punjab National Bank (PNB) and jewellers Nirav Modi.
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- The questioning by the CBI sent alarm bells ringing through the banking system.
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## What will be the implications of CBI's decisions?

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- The over-vigilance of CBI is likely to have a debilitating impact on the decision-making process in Indian banks, especially in the state-owned ones.
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- It is likely to affect bank credit to industry, which barely grew through most of 2016-17 under the weight of systemic non-performing assets, but had started to show small signs of revival.
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- If public and private sector bank officers anticipate investigation by the CBI for conducting routine business, they are unlikely to take any decision.
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- A politically induced climate of fear in Indian banking could cause economic stagnation as damaging as the “policy paralysis”.
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**Source: Business Standard**

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