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IL&FS case: RBI officer involved?

The Serious Fraud Investigation Office, probing the IL&FS case, suspects that a senior RBI officer may have had a role to play in the firm flouting norms, one of the key reasons for its collapse. It has suggested the RBI launch an internal investigation into the issue. **P19**

SFIO suspects links of IFIN brass with sr RBI official

No Evidence Of Quid Pro Quo, Seeks Probe By Regulator

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New Delhi: The Serious Fraud Investigation Office (SFIO) suspects that a senior RBI officer may have had a role to play in IL&FS Financial Services (IFIN) violating regulatory norms, which is one of the key reasons for the collapse of the company.

SFIO, which is investigating the IL&FS case, has suggested that the RBI launch an internal investigation into the issues linked to the NBFC to probe how its mechanisms failed to act in time. Sources told **TOI** that SFIO has found some information to suggest that former IFIN CEO Ramesh Bawa may have had links with the senior RBI official. He allegedly used this contact to get favourable deci-

HOW IT UNFOLDED

2012-13 | Jump in lending to group firms, which touches 15% of advances

2015 | First red flag raised in RBI inspection

2017 | RBI orders IFIN to take corrective action, wind down group exposure in 2 years

March 2018 | Ex-CEO Ramesh Bawa tells RBI that



IFIN has not taken any fresh exposure to group firms

2017-18 | Group lending doubles, accounts for 37% of advances

sions on regulatory issues.

The agency has so far not found any evidence of any quid pro quo, involving RBI officials and IFIN, the sources clarified. The RBI did not respond to a questionnaire e-mailed on Monday morning.

The RBI's inspection detected problems with the way

IFIN was going about its business in 2015 itself, government sources said. But it was not until 2017 that the regulator finally conveyed to IFIN that the company could not have its own definition of what construed to be a group. The RBI gave the company two years to wind down its invest-

ment and follow regulatory norms on definition of group companies, sources said.

SFIO has asked the RBI to probe why timely action was not taken when two reports had talked about IFIN's problems with net-owned funds and capital adequacy ratio. The investigative agency believes that timely regulatory action could have prevented the collapse. "The probe has shown that things would only go up to a level in the RBI," a source said, pointing to SFIO's findings. In a chargesheet filed in a Mumbai court, SFIO has pointed to several irregularities by IFIN, including RBI's directions on NPA classification not being followed. It also said that IFIN violated group lending norms, resulting in miscalculation of net-owned funds.