



RBI appoints director on board of Dhanlaxmi Bank

New Delhi, Sep 29 (PTI) **Outlook**

Private sector Dhanlaxmi Bank on Tuesday said the RBI has appointed its General Manager D K Kashyap on the board of the bank for two years.

However, the bank did not disclose the reason for appointment of the RBI's nominee of its board. In a regulatory filing, Dhanlaxmi Bank said the banking sector regulator through a letter dated September 28, 2020, has appointed D K Kashyap, General Manager, Reserve Bank of India, Bengaluru Regional Office as Additional Director on the board of the bank. The appointment is for a period of two years with effect from September 28, 2020, to September 27, 2022, or till further orders, whichever is earlier, it said.

The RBI usually does not appoint its nominee on the boards of private banks unless there are exceptional circumstances to avoid any conflict of interest. Kerala-based Dhanlaxmi Bank was put under the Prompt Corrective Action (PCA) Framework by the RBI in November 2015 due to deteriorating financial health and only last year it came out of these restrictions.

Since then it has posted profit. Bank unions AIBOC and AIBEA have flagged concerns over few developments at Dhanlaxmi Bank and sought immediate corrective measures by the RBI.

In a letter written to RBI Governor Shaktikanta Das, All India Bank Officers' Confederation (AIBOC) requested the central bank to take

appropriate steps in this regard, so that this 92-years-old institution is allowed to grow in its own space catering to its own niche segments.

In a separate letter, All India Bank Employees' Association (AIBEA) had urged the RBI governor to intervene into the affairs of Dhanlaxmi Bank which it alleged is heading into wrong direction.

Another private lender Lakshmi Vilas Bank (LVB), which was put under the PCA framework in September 2019, has also come under the RBI's watch.

The RBI on Sunday approved appointment of a three-member Committee of Directors (CoD) to run the daily affairs of Lakshmi Vilas Bank after bank shareholders ousted seven directors of the debt-ridden lender.

This CoD will exercise the discretionary powers of MD & CEO in the ad-interim. PTI DP MR

Shareholder moves HC for appointment of administrator for LVB

By IANIS Published on :Tue 29th September 2020,



Chennai, Sep 29 (IANS)

A minority shareholder and a retired senior manager of the Lakshmi Vilas Bank (LVB) has moved the Madras High Court to direct the Central government, the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI) to suspend the board of the private bank and appoint an administrator.

R. Subramanian pleaded that this action be taken to ensure the reserved savings and investments made by investing public/stakeholders in the bank are not misutilised, and prevent misleading statements by its management.

Admitting the matter, the court has given eight weeks time for the Department of Financial Services of the Union Finance Ministry, the RBI, the SEBI and the LVB to respond.

“Strangely, the nominees of the RBI on the LVB Board have not raised any concern or red flag despite the happenings in the bank,” Subramanian, 67, told IANS.

In his petition, Subramanian, who was the General Secretary of the Lakshmi Vilas Bank Officers’ Association, and retired from the bank in 2013 as a senior manager, said that he had sent a representation to the Centre, and the RBI, “bringing to their notice the mismanagement and misleading disclosures to the general public for taking appropriate action but these have not been considered”.

In his plea, Subramanian has alleged that from 2016 onwards, the LVB, due to mismanagement and serious violations of banking regulations, fell into doldrums.

“... but however all such shortfalls have been completely concealed or misquoted by disclosing false and suited details in the documents placed in the public domain, misleading the stakeholders as well as general public to invest in the Respondent Bank (LVB),” he said in the petition.

He contended that the mismanagement has resulted in gross non-performing assets (NPA) leaping from 2.67 per cent in 2017 to 15.30 per cent in 2019 and stretching to 25.39 per cent in March 2020. “Any such

increase in gross NPA could not be justified as a common occurrence in the banking industry. This evidences quick mortality of advances and the options of the bank made against the guidelines of the RBI and the SEBI," Subramanian argued.

"I submit that the total deposits in the respondent bank, as on March 31, 2020, are Rs 21,443 crore. But there is no safety for the deposits made by general public as per the information available in the public domain and qualified statements of the statutory auditors of the bank in the balance sheet," he said.

He said Religare Finvest Ltd had deposited Rs 400 crore on November 11, 2016 and Rs 350 crore on January 5, 2017 with the LVB, and the bank extended loans of approximately Rs 720 crore to ARHC Holdings and its subsidiary Ranchem against the said deposits without any documents of consent of the depositor company.

He said LVB neither obtained any documents nor consent from the depositor Religare Finvest to stand as surety.

Subsequently, the LVB illegally adjusted deposit proceeds to loan accounts and the same was questioned by Religare Finvest which issued legal notice alleging the said appropriation of deposit proceeds to said loan accounts.

The bank also violated SEBI regulations by not reporting this material development to the stock exchanges, he said.

Subramanian also said LVB violated its investment policy by making an investment of about Rs 180 crore in Taalwalkar group, despite the adverse signals relating to the financial and management of the said company.

"RBI nominees came heavily on the bank about the corporate governance of the bank, directed to conduct investigation in fraud angle and suggested a forensic audit," Subramanian said in the petition.

The petitioner also alleged that the LVB came out with a premium rights issue and raised about Rs 786 crore with misleading information and

holding back information about material litigation, as to Religare Finvest's Rs 750 crore deposit, in the letter of offer and Red Herring prospectus, as required under SEBI (LODR) Regulation number 30, "which is nothing but suppression of material facts/dispute".

-IANS

A wage code that is a hasty composition

K. Chandru

SEPTEMBER 30, 2020 THE HINDU

The Code on Wages (yet to be notified) has not succeeded in a consolidation of laws and is a case of tall official claims

In the brief monsoon session of Parliament, **three new labour codes (The Industrial Relations Code, the Social Security Code and the Occupational Safety, Health and Working Conditions Code, 2020) were bulldozed** into passing and now await the President's assent. Labour Minister Santosh Gangwar told the media that four new labour codes will become operational before the year ends.

Prime Minister Narendra Modi, on his part, has said the Code on Wages, 2019 would expand the coverage of workers in all industries in the unorganised sector as the old Minimum Wages Act covered only 30% of the total workforce. He also said that while there were 10,000 slabs of minimum wages that existed, they would now be reduced to 200 slabs.

The **Code on Wages, 2019** seeks to consolidate and simplify four pieces of legislation — Payment of Wages Act,

1936, Minimum Wages Act, 1948, Payment of Bonus Act, 1965 and Equal Remuneration Act, 1976 — into a single code. Its object and reasons stated that even the Second National Commission on Labour (Ravindra Varma, 2002) suggested consolidating all labour laws into four codes.

While the previous four pieces of legislation had a total of 119 sections, the new Code has 69 sections. Considering that the repealed legislations each had a definition section, inspectors, penalties, a competent authority, an appellate authority, and rule-making powers, any consolidation will impact their length.

Further, all requirements for enforcing the Act, have been relegated to the Rules. Section 67 had authorised the framing of rules relating to as many as 38 provisions of the Act. As a result, the delegated pieces of legislation (Rules) will be bigger than the Code; this is no way to condense prior pieces of legislation.

New problems will arise

All the four repealed pieces of legislation were enacted historically at different points in time and to deal with different situations. The combining of asymmetrical laws into a single code is not an easy task and will only create its own set of new problems.

Barring a few new concepts, the new Code retains almost all provisions. These are features such as the procedure for fixing minimum wage, limit for fines and deductions in wages, minimum and maximum bonus, calculation of

allocable and available surplus, as well as gender neutral consideration in fixing wages.

The Code will have the same definition of the term “worker”; but, a person employed in a supervisory capacity drawing up to ₹15,000 will also be considered a worker. In the (erstwhile) Minimum Wages Act, to fix minimum wage in an employment which has more than 1,000 workers to be first included in the Schedule, and, thereafter, minimum wages will be fixed as per law. The new Code has dispensed with the necessity of having a minimum number of workers and the inclusion of such employment into the schedule.

The central government will have the power to fix a “floor wage”. Once it is fixed, State governments cannot fix any minimum wage less than the “floor wage”. It is unwarranted since many States always fix minimum wages higher than the existing rates, depending upon the employment and workforce involved. The concept should be for a binding minimum wage and not have dual wage rates — a binding floor wage and a non-binding minimum wage.

On MGNREGA

Hitherto, there was a conflict between the minimum wages fixed by the State governments for agriculture workers. There were cases as to whether the Minimum Wages Act would have an over-riding effect over the provisions of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005. Several High Courts have placed

the Minimum Wages Act to override MGNREGA. That has been set to rest by excluding MGNREGA from the purview of the Code on Wages.

However, foremost in the labour code will be its enforcement provisions and the sanctions behind it. The Code has created an omnibus inspector-cum-facilitator who will act as per the inspection scheme framed by the government. He will advise employers and workers to comply with the provisions of the code and may carry out inspections as may be assigned by the government (Section 51).

As for the claim mechanism, Section 45 stipulates that they will be heard and determined by an authority who is not below the rank of a "Gazetted Officer". A government official without legal and administrative background can hear such claims. However, any dispute regarding bonus will continue to go before the Industrial Tribunal (the new Industrial Relations Code Bill contemplates a two-member Tribunal). As against the decision of the Gazetted Officer, one can prefer an appeal to an appellate authority who must be one rank higher than the competent authority (Section 49).

Neither the Code nor the Rules (presently, draft Rules) prescribe the qualifications and experience required for appointment of competent authority. Complicated questions of law and facts arising out of claims will henceforth be decided first by a Gazetted Officer, and

thereafter by an Appellate Authority who must hold one rank above him.

Provisions on penalty

The penal provisions found hitherto in any pieces of labour legislation never had an impact on employers. In ***People's Union For Democratic Rights and Others vs. Union Of India & Others***, 1982 (Asiad case), the Supreme Court of India observed: "If violations of labour laws are going to be punished only by meagre fines, it would be impossible to ensure observance of the labour laws and the labour laws would be reduced to nullity. They would remain merely paper tigers without any teeth or claws."

But, curiously, a new provision (Section 52) has been introduced where an officer (not below the rank of an under secretary to the government will be notified with power to impose a penalty in the place of a judicial magistrate. An essential judicial function is now sought to be vested with the executive in contravention of Article 50 of the Constitution, where the State has been mandated to separate the judiciary from the executive in public services.

A similar provision (Section 21 of the Bonded Labour System (Abolition) Act, 1976) which empowered revenue officers designated as executive magistrates to try offences under the Act was struck down by the Division Bench of the Madras High Court (Gajendran, 2014). A review filed by the central government was dismissed (2018). The Division Bench had observed: "On enforcement of the Code (Criminal Procedure), there has been complete separation

of Judiciary from the Executive to implement the mandate under Article 50 of the Constitution which requires that State shall take steps to separate the Judiciary from Executive. By merging the judicial function in the executive, the basic structure of the Constitution is affected; justice and fair trial cannot be ensured by the Executive Magistrates in as much as they are not required to be legally qualified and trained persons and in actual practice are required to perform various other functions... In fact the functions of the Judiciary and Executive are quite different. In other words it is clear that the Executive Magistrate has no role to play in conducting judicial trial and recording judicial decisions.”

Apart from providing for a compounding of offences (Section 56), the Code also exempts employers from penal provisions if they were able “to prove that they had used due diligence in enforcing the execution of the code and it was the other person who had committed the offence without his knowledge, consent or connivance”.

Though the Prime Minister had claimed that the erstwhile provisions covered only 30% of the workers, there is nothing particular in this Code that it will have wider coverage. Similarly, as minimum wages mostly help the unorganised worker, the 200-slab categorisation may not have much of an impact.

The Code on Wages (yet to be notified) has neither succeeded in a consolidation of laws nor will it ever achieve the claims made by the Prime Minister.

Mukesh Ambani has been making Rs 90 crore an hour since the lockdown began

ECONOMIC TIMES 30 9 2020

Synopsis

Ambani's recent \$20 bn fund-raising spree has already fulfilled his target of making RIL net-debt-free. This gives the tycoon unrivalled clout at a time when most other companies' balance sheets have been decimated by the pandemic. And if the number of companies seeking to hitch a ride with him is any indication, this clout is only set to rise.

Mukesh Ambani, India's richest man, has been adding Rs 90 crore per hour to his wealth since the March lockdown, according to the Wealth Hurun India Rich List 2020 released today.

The fortunes of Ambani, who retained the title of the richest Indian for the 9th year on run, rose by Rs 2,77,000 crore to Rs 6,58,000 crore, the latest list showed.

The new rankings come a couple of days after US private equity firm Silver Lake's Rs 7,500 crore investment in Reliance Retail, an investment that valued the venture at a pre-money equity value of Rs 4.21 lakh crore.

Ambani's recent \$20 billion fund-raising spree has already fulfilled his target of making Reliance Industries net-debt-free. This gives the tycoon unrivalled financial clout at a time when most other companies' balance sheets have been decimated by the pandemic.

As of now, the 63-year-old tycoon has his sights firmly set on tech and retail as future growth drivers. Ambani's ambitions include creating a home-grown e-commerce giant like China's Alibaba.

His consistent ability to dominate the Indian market in whichever area he picks has turned him into the first port of call for big global companies seeking to invest.

And Ambani's clout is only set to rise further. India is a market of over a billion potential customers that is still largely out of most global companies' sphere of influence. While China is a comparable option, it remains primarily shut for non-Chinese businesses.

In all, the latest Hurun list features 828 individuals with a net worth of Rs 1,000 crore. This is a three-fold jump in numbers compared to five years earlier.

The number of dollar billionaires stood at 179, a three-fold rise since 2013 when the list was first published.

Of the 828 persons who made it to the list, 627 witnessed a rise in their fortunes, while 229 persons saw their wealth decrease during the period. There were 75 people who lost their place in the list. Six of the rank-holders in the previous list died.

As many as 162 were debutants in the list, and 76 per cent of these new entries were self-made.

90 per cent entities to which these individuals belong are family-run.

Smita V Krishna, with a fortune of Rs 32,400 cr, is the richest Indian woman in the rankings. She is followed by Kiran Mazumdar-Shaw with Rs 31,600 crore. Mazumdar-Shaw, the head of Biocon, is also the richest self-made woman in the country, the list showed.

A total of 21 persons in the list are under the age of 40. Of them, 17 are self-made.

These 828 individuals collectively account for a fortune of \$821 billion (Rs 60,59,500 crore). This is a jump of \$140 billion (Rs 10,29,400 cr) from the previous list. The sharp rise in the share price of RIL had a significant contribution to this rise, apart from the rise in Ambani's personal wealth.

In the list, Mukesh Ambani is the only Indian to feature among the global top 5. The meteoric rise in his fortunes after diversifying from oil to

telecom and retail has had its fair share of detractors too, with some analysts saying that business in India is increasingly going the monopoly way. But given big private equity's unabated enthusiasm to tango with Ambani, any pivot away from his current strategy appears highly unlikely.

ALL INDIA SOLIDARITY DAY
12TH OCTOBER, 2020

**IN SUPPORT OF
INDEFINITE STRIKE
BY
DEFENCE EMPLOYEES
AGAINST
PRIVATISATION AND
CORPORATISATION**

 **AIBEA**



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