

12.03.2020

Hon. Shri Ram Nath Kovindji,  
President Of India,  
Rashtrapati Bhavan,  
New Delhi.

Sub: Appeal for initiating steps for the revival of the PMC Bank on topmost priority.

Respected Sir,

We write this letter on behalf of the shareholders and depositors of Punjab Maharashtra Co-operative Bank Ltd. who are distressed due to the PMCB scam unearthed in September, 2019. It is almost 5.5 months now since the imposition of S.35A directives by RBI but we do not see any relief in sight, hence we earnestly request you to initiate actions for the pursuit of revival of the PMC Bank for faster and the complete mitigation of the issues faced by the PMC Bank depositors and to repudiate any discriminate actions vis a vis YES Bank revival in wake of the commensurate protection to all Indian Citizens which is guaranteed by Article 14 of the Indian Constitution

**Aspects for Immediate Interventions for immediate mitigation of distress of PMCB Depositors:**

1. Recapitalization-The Central Government has recapitalized PSBs and private banks continuously and can help PMC bank too. Yes Bank too is being recapitalized through SBI led consortium.
2. Formation of a new board from the corporate world to manage the bank professionally after recapitalization.
3. Infusion of funds u/s 61 of the Multi State Co-operative Societies Act, 2002 or under any other legal provisions.
4. The Central Government can infuse funds in the bank from its own funds to save the bank and its depositors with the intent to bolster the co-operative movement and instill confidence in the minds of distressed bank depositors.
5. Congenial infusion of funds in PMC Bank in the interest of virtuous individual depositors as well as around 1000 co-operative societies, 110 banks, 140 trusts and 1000's of small businesses who have been adversely affected thus impacting millions of Indian citizens.
6. Extension of temporary loan by the Central Government / RBI/ DICGC as part of infusing funds.
7. Merger with a strong nationalized or co-operative bank immediately- precedent of 130 UCBs being merged into 72 entities in Maharashtra alone.

We hereunder enumerate a succinct analysis of the PMC Bank vis a vis YES Bank scams:

**PMC Bank Scam**

The crux of the PMC Bank scam was that the top management fraudulently lent huge loans to HDIL and its group entities, almost 73% of its total loans through masked accounts. The resultant NPA too was concealed and only after the complaint of the whistleblower to PMO and authorities in May, 2019 which was forwarded to RBI, this scam was unearthed and the bank was put under stringent directives u/s 35A by RBI.

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**Repercussion of the imposition of S. 35A directives on PMC Bank**

- Most exasperating aftermath of the imposition of the S. 35A directives by RBI has been the **23 casualties** due to mental strain consequent to the financial duress due to the financial drought on depositors.
- Compelled poverty imposed on the depositors as the withdrawal limit is meagre Rs. 273/- per day and is highly insufficient for a family.
- The innocent depositors are undergoing extreme hardships since 23.09.2019 as a gargantuan number of depositors being senior citizens, super senior citizens, retired people, single women, etc. who had put in the entire savings or their terminal benefits in the PMC Bank and now due to imposition of restrictions are faced with heavy burden of loans due to borrowings made for recurring livelihood expenses and medical expenses.
- Thousands of depositors have their complete funds parked in this bank and no other source of income as well for daily expenses and are completely distressed and have become beggars.
- Increase in sufferings due to unavailability of funds for medical emergencies, Marriage expenses, educational needs, Livelihood needs, etc. The permitted withdrawals of Rs. 50000/- for Medical emergencies, educational expenses and marriage expenses is too meager considering the inflation and the costs involved. Even the poorest of poor have to spend more than the sanctioned amount for these obligations.
- Many families had funds parked for immediate purchase of a new house which has resulted in huge strain for them as they are faced with a compulsion to look for other sources and in many cases may have led to legal matters too.
- Thousands who serviced their loans through PMC Bank accounts are compelled to bear the increased costs of borrowings besides the risk of downgrading of their credit scores.
- Funds unavailable for regular expenses and major repairs for thousands of Co-op. housing societies.
- Funds unavailable for working capital or regular expenses for businesses, Trusts, Gurudwaras, Schools, colleges and institutions.
- Despite availability of funds, depositors are unable to pay their taxation and other statutory dues.
- Few distressed depositors are also contemplating committing suicide due to the financial strain.

**YES bank Scam**

Yes bank too has been continuously grappling with bad loans which again has affected innocent depositors due to fraudulent lending to big corporate houses by the top management including DHFL and Wadhawan group companies among others.

**Correlation between both banking scams**

Both banking scams are analogous to each other predominantly in the lending patterns as well as the hiding of resultant NPA's for a considerable longtime. It is also important to note that both banks had a common borrower in the Wadhawan group entities as well. The Whistleblower of the Wadhawan group companies who had elevated their fraudulent banking transactions to the PMO and other investigating agencies in May, 2019 itself had delineated the involvement of various banks including PMC bank and Yes Bank among other

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banks who had totally lent Rs 8639.15 crores of loans to Rakesh Wadhawan's group of companies including companies where his family members were directors.

### **Difference in customer base of YES Bank and PMC Bank**

Though both the scams relate to financial frauds committed by big corporate houses but the impact differs significantly. Firstly, the customers of YES Bank were aware of the issues of bad loans since few months and were well prepared whereas the PMC Bank customers were taken aback on the morning of 24.09.2019 by the imposition of the RBI directives. Secondly the customer base of the YES Bank is well healed and predominantly the business class and upper middle class whereas the general customer base of the PMC Bank is senior citizens, super senior citizens, lower middle class, service category and majority of small traders and businesses.

### **YES bank revival Impact on PMCB Depositors**

The precipitated action of revival of YES Bank by capitalization through SBI led consortium even before the issuance of the RBI directives on that Bank have aggravated the stress quotient of the PMC Bank depositors especially super senior citizens and single women who are enduring financial duress since the last 5.5 months as despite lapse of months, no one has come to the rescue of the PMC Bank depositors neither are their any effective assurances being given by the Central Government or RBI for the revival of the PMC Bank till date. The mental stress resultant to this discriminatory action may lead to increase in fatalities or stress related medical issues in the PMC Bank depositors specially super senior citizens.

### **Desideratum for PMCB Revival**

The augmenting stress quotient of the innocent tax paying PMC Bank depositors with no relief in sight for the recovery of their hard earned monies and the mounting financial debts of the aggrieved depositors especially senior citizens with no other source of income other than the interest income adjures the immediate action for release of monies of the chaste depositors who have become stooge to the fraudsters game plan On top of this, 27 crore rupees is being spent every month in operating 137 branches of non-functional PMC bank at the cost of the lives and health of the lakhs of depositors that include super senior and senior citizens to whom the money belongs is blatant violation of human rights.

We earnestly appeal to you to initiate the resolution process for PMC Bank as soon as possible to relieve the stress of the depositors and save them from further hardships as well as help in curbing the deaths of distressed depositors due to financial strain and potential suicides. We request you to initiate requisite steps immediately identical to the proposed YES Bank revival and thwart the discrimination being meted out to the distressed PMC Bank depositors and grant them their due entitlements safeguarding their Right to Equality endorsed under Article 14 of the Indian Constitution.

Thanking You,

Yours Sincerely,

**For PMCB Share and Account holders Forum**

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Sundar Shyam Bhatia(30556)  
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