



ABG shipyard scam – India’s biggest bank fraud

Description

What is the ABG shipyard scam:

- In February 2022, the Central Bureau of Investigation (CBI) filed a case against ABG Shipyard Ltd for cheating a consortium of 28 banks including the State Bank of India (SBI), IDBI and ICICI. The company owes Rs. 22842 crores to banks.
- It is India’s biggest bank fraud. The audit for the period between April 2012 and July 2017 revealed that the money was diverted using at least 98 companies.
- The ABG Shipyard Ltd company builds and repairs ships. It is India’s largest private sector shipyard.
- Loans given to ABG Shipyard Ltd had become Non-Performing Asset (NPA) in 2013. In 2014, Banks had approved a loan recast under the corporate debt restructuring (CDR) mechanism. But even then the company could not be rescued and the CDR has failed by July 2016. SBI filed the first complaint with CBI in 2019.
- These kinds of scams happen due to political interference in banking, corruption of some bank officials, delay in reporting the case to the Reserve Bank of India (RBI), and sometimes RBI’s failure in taking the case seriously.

Conclusion:

ABG Shipyard scam turned out to be the biggest known bank fraud in India. There is a need to take strict action against the people who are responsible for the same. Moreover, there is a need to take steps to prevent the pile-up of NPAs, because prevention is better than cure.

Your Turn...



What are your thoughts on this topic? Do you think such scams can be prevented? Express your point of view through the comment section below. And subscribe to our blog to read answers to the trending GD topics.

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