



**ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION**  
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Dear Comrades,

26<sup>th</sup> August , 2016

News of Interest 26th Aug

**QUOTE OF THE DAY**

“CLOUDS COME FLOATING INTO MY LIFE, NO LONGER TO CARRY RAIN OR USHER  
STORM, BUT TO ADD COLOUR TO MY SUNSET SKY. “

RABINDRANATH TAGORE

- 1. UPI GOES LIVE WITH 21 BANKS**
- 2. RBI PERMITS BANKS TO HIRE EX-OFFICIALS FOR INTERNAL AUDIT**
- 3. CENTRE PLANS TO SHUT SEVEN PSUS AT ONE GO**
- 4. BAD TIME CONTINUES FOR BANKS; KFA BRANDS FAIL TO FIND BUYERS**
- 5. BANK OF BARODA'S TOTAL BUSINESS TAKES RS 90,000-CRORE HIT IN 2015-16**
- 6. BHARATIYA MAZDOOR SANGH STRIKE: MEET WITH ARUN JAITLEY DONE, BMS WAITS FOR WRITTEN RESPONSE**
- 7. UNION BANK TO RAISE ₹ 750 CR VIA BASEL III BONDS**
- 8. SBI, ICICI BANK CONTINUE TO BE SYSTEMICALLY IMPORTANT**
- 9. KARNATAKA BANK LAUNCHES UPI APP**

Business Standard

**1. UPI goes live with 21 banks**

**SBI to log on a month later**

[Nupur Anand & Abhijit Lele](#)

The much-hyped Unified Payments Interface (UPI) went live for customers of many banks on Thursday. However, the country's largest lender, State Bank of India, will join the UPI platform about a month later.

The brainchild of Reserve Bank of India Governor Raghuram Rajan, UPI is expected to revolutionise the way consumers make payments.

## NEWER AVENUES

- UPI makes sending money easy with real-time money transfer
- It will allow users to transfer money through a unique virtual address, or mobile number, or Aadhaar number
- With UPI, users need not know the payee's bank account details
- It will also facilitate raising payment requests

Apps of all the 21 banks, which have been permitted by National Payments Corporation of India (NPCI), will be available on Google Play Store within three days, NPCI executives told Business Standard. UPI apps of Axis Bank, Union Bank of India, Vijaya Bank and United Bank of India were available on the Google Play Store on Thursday evening.

Thursday's launch came more than a month after the original NPCI deadline of July 31 because most banks took longer-than-expected to get technology-ready.

The launch had to be deferred as NPCI had said that only lenders that had 1,000 pilot customers, 5,000 transactions and 90 per cent success rate would be allowed to go live. Initially, 29 banks had tied up with NPCI for the launch. However, only 21 banks have been able to meet the criteria so far.

Banks' UPI apps are interoperable, so a customer's multiple bank accounts can be added to a single bank's UPI app.

Some big lenders like SBI have not been able to meet the deadline. When asked, an SBI official said, "App for the UPI is ready. It has to be tested thoroughly to avoid glitches before making it available to millions. Bank has largest retail customer base in the country and we do not want complaints to grow exponentially by going live in a hurry." SBI will further examine the app with closed-user group and may go live in about a month's time, the official added.

An NPCI official also confirmed the timeline indicated by SBI. Given the scale of SBI's operations, fool-proofing the system is necessary. The UPI launch was awaited as it is expected to give a significant boost to mobile money transfers. UPI is built on the existing Immediate Payment Service (IMPS) that allows real-time transfer of money 24x7 and is also interoperable across banks which, giving it a leg-up compared with other money transfer applications.

By using the UPI app, one can transfer money to another person through a unique virtual address (virtual addresses are aliases to a bank account allowing a customer's account to be uniquely mapped), or mobile number, or Aadhaar number. Neither the payer nor the payee will have to share their bank account details, IFSC code, etc with each other. The other advantage is that a seller can also raise a payment request. As a result, it is also supposed to be used by merchants to raise invoice requests.

## **2. RBI permits banks to hire ex-officials for internal audit**

Press Trust of India

With banks facing shortage of experienced staff for internal audits, the Reserve Bank of India (RBI) on Thursday allowed them to hire their retired officials for up to three years for assistance in conducting "Risk Based Supervision (RBS)".

"Keeping in view the change in demographic profile of the staff in banks on account of retirement leading to shortage of staff to conduct internal audit, which is an important component of RBS, it has been decided to permit banks to engage the services of its retired officials for assisting in internal audit..." the central bank said.

RBI has also prescribed certain conditions for such hirings in the notification.

Each bank, it said, should formulate, with the approval of their Board of Directors, a policy to engage the services of its retired personnel for a maximum tenure not exceeding three years in the areas where it does not have enough expertise.

"The policy should inter alia include the terms of engagement, review of performance, termination of services..." it said.

Further, banks need to ensure that the retired personnel so engaged work under the close supervision of the management of the bank and the final sign-off of the audit reports would be the responsibility of the serving bank officials.

"In order to avoid conflict of interest, the retired personnel so engaged may not be assigned branches/sections, where they had worked while in active service with the bank," RBI added.

## **3. Centre plans to shut seven PSUs at one go**

Among them are likely to be Bird Jute and Exports, Hindustan Papers, Hindustan Photo Films, Tyre Corporation and Richardson & Cruddas

Arup Roychoudhury & Sanjeeb Mukherjee

The government is set to seek formal Cabinet approval for shutting down seven state-owned companies, with their respective line ministries apparently agreed. This would be the first time that approvals for closing so many public sector undertakings (PSUs) is being sought in one go.

These PSUs are part of the larger list of 74-loss making state-owned units. Among them are likely to be Bird Jute and Exports, Hindustan Papers, Hindustan Photo Films, Tyre Corporation and Richardson & Cruddas.

The NITI Aayog had earlier given a list of eight PSUs for closure to the government and the ministry of disinvestment, after deciding these were unfit for revival. However, top sources said that in one case, the line ministry did not agree to the procedure and hinted at possible revival, due to which it has left out for now.

The remaining seven have been incurring heavy losses for at least three years. The line ministries will now prepare a detailed plan for closure, Business Standard has learnt.

“Some of these companies have been discussed for quite some time. Instead of seeking separate approvals through a cabinet note for each, it has been decided to send a number of names for approvals in one go,” said a senior official. “The line ministries agree that these companies cannot be revived and need to be shut down.”

The detailed plan will include identification of assets to be liquidated and the compensation for employees. The Aayog had made two lists of sick PSUs, one comprising those that could be closed down and the other of those where the government could divest its stake.

It is also in the process of preparing a list of PSUs for strategic sale or privatisation. Finance Minister Arun Jaitley in his Budget 2016-17 speeches had said the Aayog would identify such PSUs.

The government aims to collect Rs 56,500 crore through disinvestment in PSUs this financial year. Of this, Rs 36,000 crore is estimated to come from minority stake sale in PSUs and the remaining Rs 20,500 crore from strategic sale in both profitable and loss-making companies.

In 2015-16, the government was able to meet less than half of the disinvestment estimate, at Rs 25,312 crore against the target of Rs 69,500 crore. None of that came from strategic sale, for which it had targeted Rs 28,500 crore. It had raised Rs 32,620 crore in 2014-15 by selling stake, mostly minority stake in public companies, of Rs 24,262 crore in 2013-14 and Rs 25,890 crore in 2012-13.

Financial Express

#### **4. Bad time continues for banks; KFA brands fail to find buyers**

In a big disappointment for the lenders for the second time, auction of the long-grounded Kingfisher Airlines' (KFA) trademarks and logo turned out to be damp squib once again despite having a lower reserve price.

Banks also had put on the block some of the moveable assets of the company worth Rs 13.70 lakh lying at the Kingfisher House, for which, too, no bidders came forward.

In their second attempt, the 17-lender consortium led by State Bank of India had put the airline's trademarks including Kingfisher logo and the once-famous tag-line 'Fly the Good Times' on the block, to recover a part of their over Rs 9,000-crore loans from beleaguered businessman Vijay Mallya and his grounded carrier.

Banks had also put the Flying Models, Funliner, Fly Kingfisher and Flying Bird Device on the sale.

“I think the reserve price for the trademark was still found to be high by the bidders,” a source said.

Legal experts said the entire brand value of the Kingfisher brand has taken a beating and so bidders remained elusive.

“Value of trademark of the entire group has gone down to almost nothing and nobody will like to buy it,” said an expert dealing in intellectual property rights.

In April, the banks had made a failed attempt to sell brands and trademarks of the airlines, owned by Mallya. The auction was unsuccessful as none of the bidders came forward due to the higher reserve price of Rs 366.70 crore.

In today's auction the reserve price was reduced by 10 per cent to Rs 330.03 crore, but still no bidders came forward. The Kingfisher brand itself was valued at over Rs 4,000 crore by consultancy Grant Thornton when the airline was at its peak. In its annual report for 2012-13, KFA said, at its peak, it was the largest airline in the country with a five-star rating from Skytrax.

The airline's brand had been registered separately from the Kingfisher beer trademarks.

Lenders had also put on sale movable assets worth Rs 13.70 lakh lying at the Kingfisher House. The items on sale included eight cars-Toyota Innova & Corolla, and Honda City & Civic among others.

The reserve price of each car was set differently in the range of Rs 90,000-2.50 lakh.

Earlier this month, the auction of Kingfisher House proved a damp squib again as no bidder turned up for the erstwhile headquarters of the Mallya-led airline at a reduced reserve price of Rs 135 crore.

The Kingfisher House has a built-up area of over 17,000 sq ft and is located in the plush Vile Parle area near the domestic airport in the megapolis. Yesterday, rating agency Crisil revised its ratings on the bank loans of Kingfisher Airlines to 'not meaningful' from 'Crisil D' (default grade).

"The rating revision is because KFAL's creditors (including bankers) have filed winding up petitions against the company. Furthermore, it remains in deep financial distress following the cessation of operations in fiscal 2013 and complete erosion of networth," the agency said.

Crisil had rated bank facilities, including long and short term loans, working capital loans and cash limit worth Rs 5,582 crore, given to the now defunct airline.

## **5. Bank of Baroda's total business takes Rs 90,000-crore hit in 2015-16**

Shrinking loan portfolio and deposit base squeezed total business of state-owned Bank of Baroda (BoB) by nearly Rs 90,000 crore in 2015-16 despite a robust GDP growth of 7.6 per cent during the fiscal.

While the banking industry saw a loan growth of 9.3 per cent, and 8.6 per cent for deposits during the fiscal, Bank of Baroda's credit growth rate slowed 10.3 per cent and that of deposits decelerated 7 per cent.

As far as nationalised banks sans SBI and associates are concerned, their credit grew 1.4 per cent and deposits 3.1 per cent in 2015-16.

The total business, mix of deposits and advances, came down by staggering Rs 87,817 crore in the period under review as against the previous fiscal, as per BoB's latest annual report.

Total business of the bank declined to Rs 9,57,808 crore at the end of March 2016 compared with Rs 10,45,625 crore a year ago.

Total deposits declined to Rs 5,74,038 crore in 2015-16, from Rs 6,17,560 crore in the previous fiscal while advances slipped to Rs 3,83,770 crore (Rs 4,28,065 crore).

Profit before tax also declined to Rs 8,815.57 crore in the said period as against Rs 9,915.10 crore a year ago.

There was a loss of Rs 5,395.55 crore during the year as compared to Rs 3,398.43 crore net profit in the year-ago period.

In order to improve functioning of public sector banks, the government roped in professionals from the private sector last year.

Even during the June quarter of 2016-17, Bank of Baroda posted a 60 per cent plunge in net profit at Rs 424 crore on account of a surge in bad loans. Net profit stood at Rs 1,052 crore in the year-ago quarter. In January-March, it had reported net loss of Rs 3,230 crore as asset quality worsened.

Total income declined to Rs 11,877.91 crore in the quarter ended June, from Rs 12,243.720 crore a year ago.

The spike in bad loans meant the gross NPA ratio rose to 11.15 per cent from 4.13 per cent a year ago and 9.99 per cent in the March quarter. Net NPAs more than doubled to 5.73 per cent at the end of June from 2.07 per cent a year earlier.

## **6. Bharatiya Mazdoor Sangh strike: Meet with Arun Jaitley done, BMS waits for written response**

RSS-affiliated Bharatiya Mazdoor Sangh (BMS), the country's largest trade union, on Thursday said it would decide on withdrawing from the September 2 strike only if the government's written assurance on their 12-point charter of demands satisfies them.

"Our meeting with the group of ministers headed by finance minister Arun Jaitley last evening (Wednesday) was very progressive. However, we are awaiting their communication on our charter of demands which is likely to come in a day or two. We will ponder over it and decide whether to withdraw from the strike," BMS general secretary Virjesh Upadhyay told FE.

Unlike 10 other central trade unions (CTUs) which have declared a day-long nationwide strike on September 2 protesting against the government's alleged anti-labour policies, the BMS is yet to give their strike call — it has only resolved to declare a one-day strike on the same day.

The resolution was adopted at its three-day Kendriya Karya Samiti (KKS) meeting in Bhopal earlier this month where the BMS strongly condemned the government's 'callous and neglecting attitude' on labour issues.

Meanwhile, during a meeting on August 16, Jaitley discussed with the BMS its 12-point charter of demands that included a minimum wage of R15,000 per month and stoppage of contractorisation in permanent perennial work. KKS authorised the BMS president and general secretary to declare the strike call, taking the outcome of the meet with the group of ministers into consideration.

As the meeting remained inconclusive, the BMS were called for another round of discussions on Wednesday. Sources said the BMS representatives insisted that

they be given written assurance. Other trade union sources, however, said Wednesday's meeting was also inconclusive.

Last year, the BMS had pulled out of the strike at the last minute after written assurances from the government.

Business Line

## **7. Union Bank to raise ₹ 750 cr via Basel III bonds**

PTI

Public sector lender Union Bank of India plans to raise ₹ 750 crore by issuing Basel III compliant bonds.

"We wish to inform you that the bank intends to raise capital funds through issuance of Basel III compliant tier II bonds," Union Bank said in a regulatory filing.

Crisil Ratings has assigned 'Crisil AAA/Negative' to the bank's proposed Basel III compliant tier II bonds of ₹ 750 crore, it added.

In view of implementation of global standard Basel III Capital Regulations, banks need to improve and strengthen their capital planning processes.

The norms are being implemented to mitigate concerns on potential stresses on asset quality and consequential impact on performance and profitability of banks.

Being implemented in phases since April 1, 2013, India is expected to fully implement Basel III standards by March 2019.

This will align full implementation of Basel III in India closer to the internationally agreed date of January 1, 2019.

Share of the bank closed 1.25 per cent down at ₹134.20 on BSE.

## **8. SBI, ICICI Bank continue to be systemically important**

OUR BUREAU

The Reserve Bank of India has identified State Bank of India (SBI) and ICICI Bank as domestic systemically important banks (D-SIBs) in 2016.

Under the D-SIB framework, these banks are required to maintain additional Common Equity Tier-1 capital.

Last year, too, the central bank had announced these two banks as D-SIBs. According to the RBI, SBI and ICICI Bank will need to maintain Additional Common Equity Tier-1 (CET1) capital of 0.6 per cent and 0.2 per cent, respectively, of their risk-weighted assets.

The CET1 requirement for these banks has already been phased-in from April 1, 2016, and would become fully effective from April 1, 2019. The additional CET1 requirement will be over and above the capital conservation buffer.

The indicators the RBI uses for identifying D-SIBs are: size, interconnectedness, substitutability and complexity.

Based on the sample of banks chosen for computation of their systemic importance, a relative composite systemic importance score of the banks is computed. The RBI will determine a cut-off score beyond which banks will be considered as D-SIBs.

D-SIBs are subjected to differentiated supervisory requirements and higher intensity of supervision based on the risks they pose to the financial system.

## **9. Karnataka Bank launches UPI app**

A J VINAYAK  
OUR BUREAU

Karnataka Bank has launched 'KBL-SMARTz', a mobile application (app) built on the unified payments interface (UPI) platform of the National Payments Corporation of India (NPCI).

Launching the app in Mangaluru on Thursday, P Jayarama Bhat, Managing Director and Chief Executive Officer, said users can perform the transactions on-the-go through this app, which can be downloaded from Google PlayStore.

UPI is a new initiative from NPCI in the digital payments ecosystem. The interface is designed to enable customers across UPI member banks to pay and collect money from their smartphones without entering any bank account information.

A press release by the bank said that fund transfer can be done through this app without revealing personal details such as mobile number, account information and Aadhaar number.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)**  
**GENERAL SECRETARY**