



**ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION**  
(Affiliated to All India Bank Pensioners & Retirees Confederation – AIBPARC)  
163/4, Kutchery Road, Mylapore, Chennai - 600004  
E mail i.d: [aiubparf@gmail.com](mailto:aiubparf@gmail.com)/ [ubioatnng@gmail.com](mailto:ubioatnng@gmail.com)/ [suryanarayananram@gmail.com](mailto:suryanarayananram@gmail.com)

**Com. P.B. Thomas**  
Chairman  
Thiruvananthapuram  
M: 09447177456

**Com. Nitin Desai**  
President  
Ahmedabad  
M: 097277 60641

**Com. S. Bagchi**  
Working President  
Kolkata  
M: 0983081586

**Com. N. Govindarajulu**  
General Secretary  
Chennai  
M: 09841089111

**Dear Comrades,**

**6th April , 2017**

**News of Interest 6th APR**

### **MOTIVATIONAL QUOTES**

**“SETTING GOALS IS THE FIRST STEP IN TURNING THE INVISIBLE INTO THE VISIBLE. “**

**TONY ROBBINS**

### **HIGHLIGHTS**

- 1. BANKS WANT RBI TO RELAX NORMS FOR LOANS TO HIGHLY INDEBTED FIRMS**
- 2. INDUSIND BANK TO RAISE RS 1,000 CRORE VIA BASEL III BONDS**
- 3. SBI UNVEILS NEW BRANDING AFTER MERGER OF 6 ENTITIES**
- 4. IN NEW EMPLOYEES' PENSION SCHEME, GOVERNMENT TO BEAR EMPLOYERS' CONTRIBUTION OF 8.33% UNDER PRADHAN MANTRI ROJGAR PROTSAHAN YOJANA**
- 5. RBI MAY NOT TINKER WITH POLICY RATE**
- 6. MOBILE APPS OF 7 INDIAN BANKS COMPROMISED: FIREEYE**
- 7. NO PLANS TO DEMONETIZE RS 2,000 NOTES: GOVT**

Business Standard

### **1. Banks want RBI to relax norms for loans to highly indebted firms**

There is no ban on giving loans, but it would cost higher provisions for the bank

Anup Roy

Effective April 1, banks have to set aside higher provisions for loans given to highly indebted companies, the system-wide limit for which is set at Rs 25,000 crore for the financial year 2017-18.

Banks are not comfortable with this move, and some of them have asked the Reserve Bank of India (RBI) to go easy on the provisioning part.

The limit of indebtedness comes down to Rs 15,000 crore from 2018-19, and then Rs 10,000 crore from April 2019 onwards. Beyond these limits, the RBI wants banks to invest in debt instruments issued by the companies, rather than giving them loans directly.

But, under the International Financial Reporting Standards (IFRS) norms, banks won't get any relief on any kind of exposure to indebted companies, be it loans or investing in their bonds. Banks, therefore, have requested the RBI to give them more time, even as they welcome the idea of letting the companies tap the bond market.

"For stressed companies, banks are anyway incurring heavy provisioning. And we are not able to reduce our exposure on any of these companies for a long time. Now is not a good time to impose such restrictions. We need more time," said a senior bank executive with a public sector bank who did not wish to be named.

There is no ban on giving loans, but it would cost higher provisions for the bank. For example, if a company, which has already borrowed Rs 25,000 crore from all banks and financial institutions, as well as from the market, asks for further loans, the bank or banks who extend the loan will have to set aside three per cent more provisions and increase the risk weight by 75 basis points.

According to bankers, what in reality will happen is that banks would be increasing the cost for the clients. Many of these companies, then, will be forced to find the bond route for funding, but not all would be successful considering the limited demand for bonds issued by companies rated lower than AA. So banks will have to chip in to buy these bonds.

Whatever the banks cannot give in loans can be given through bonds issued by the companies, which escape such steep provisioning. In fact, the idea behind the August 2016 guidelines is to push the companies to the bond market. But bankers say that there should be a ready market first.

Other experts also agree on that assessment.

"It is unrealistic to assume that in the present form, lower rated firms or projects can access the bond market and reduce their dependence on the banking sector," said Naresh Takkar, managing director and group CEO of Icra Ltd.

To be sure, companies with such heavy debt are only a handful, but in three years, companies with Rs 10,000 crore exposures would be substantial enough to impact the banks adversely.

An analysis of listed BSE 500 companies shows there were only 10 companies that had bank loans of above Rs 25,000 crore as on March 2016, with a collective exposure of Rs 3.84 lakh crore.

However, there were 32 companies that had bank exposure of at least Rs 10,000 crore as on March 2016, with a secured and unsecured loan exposure of Rs 7.28 lakh crore or roughly 10 per cent of total bank loans.

## **2. IndusInd Bank to raise Rs 1,000 crore via Basel III bonds**

Fundraising plan is pending shareholder approval and a nod from the board of directors

IndusInd Bank plans to raise Rs 1,000 crore by issuing Basel III compliant bonds.

The bank proposes to raise funds by issue and allotment of rated, listed, non-convertible, perpetual, subordinated and unsecured Basel III compliant bonds in nature of debentures towards non-equity regulatory additional tier I capital, it said in a regulatory filing. The bonds with face value of Rs 10 lakh each for cash will aggregate Rs 1,000 crore on a private placement basis, it added.

The fundraising plan is pending shareholder approval and a nod from the board of directors.

To comply with Basel-III capital regulations, banks need to improve and strengthen their capital planning processes.

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

Banks in India are implementing the Basel III standards in phases since April 2013. They are expected to fully implement these norms by March 2019.

The stock closed 0.22 per cent down at Rs 1,400.20 on BSE on Wednesday.

### **3. SBI unveils new branding after merger of 6 entities**

The monogram has been refined for greater clarity and ease of use

#### Press Trust of India

State Bank of India (SBI) today unveiled its new brand identity, designed to position the bank as technology savvy, modern and ready to meet financial needs of all.

In recent years, SBI has accelerated its efforts towards developing digital products and services, SBI Chairman Arundhati Bhattacharya said in a statement.

"Also along with the merger, we felt the need to position SBI as a contemporary brand, ready to connect with a diverse audience in a world that is rapidly going digital," she said.

While the legendary SBI monogram has been the de-facto symbol of SBI, combining it with the abbreviated SBI word mark is pivotal to the new identity, it said.

It makes the brand more concise, modern and approachable, infusing new energy, while retaining its core values, it added.

"The monogram has been refined for greater clarity and ease of use. The iconic SBI Blue has been refreshed, and the family of colours expanded for scale of usage and approachability.

The overall visual language has been designed to ensure consistency and recall across all touch-points," it said.

Beginning this month, SBI merged six lenders catapulting the country's largest lender to among the top 50 banks in the world.

State Bank of Bikaner and Jaipur (SBBJ), State Bank of Hyderabad (SBH), State Bank of Mysore (SBM), State Bank of Patiala (SBP) and State Bank of Travancore (SBT), besides Bharatiya Mahila Bank (BMB), merged with SBI with effect from April 1.

Financial Express

#### **4. In New Employees' Pension Scheme, government to bear employers' contribution of 8.33% under Pradhan Mantri Rojgar Protsahan Yojana**

The government will now bear employers' contribution of 8.33% of basic pay to the Employees' Pension Scheme (EPS) for new employees under the Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) even if new posts are not created by the firm

By: Surya Sarathi Ray

The government will now bear employers' contribution of 8.33% of basic pay to the Employees' Pension Scheme (EPS) for new employees under the Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) even if new posts are not created by the firm.

Under the scheme — launched in Budget 2016-17, disbursement of funds under it commenced in August last year — only "new employees" of salaries up to `15,000 per month added to a defined reference base have hitherto been eligible for the benefit. In other words, the benefit has been available only for new posts created. "The condition that the eligible employer must have added new employees to the reference base of workers in order to avail benefits under the scheme has been removed," said a senior EPFO official.

The new employee is defined as one who had not worked in any EPFO-registered establishment or had a universal account number in the past, i.e. prior to April 1, 2006. The reference base used thus far has been the number of employees against whom the employer has deposited the 12% (3.67% EPF + 8.33% EPS) of basic salary with EPFO as on March 31, 2016.

The incentive, the government feels, will incentivise the employers to recruit unemployed persons and also add informal workers on their payrolls. Under the current plan, PMRPY, aimed at encouraging regular employment of

unskilled and semi skilled workers, will exist for three years, i.e. till 2019-20. The annual outlay for the scheme is `1,000 crore.

Giving an illustration of the change in rules, the official said, "suppose, one entity has 100 employees as on April 1, 2016 and as on April 1, 2017, it has 110 people, even as 10 have resigned or retired, it would have got benefit for 10 people only as per the earlier order and not for the 20 new recruits. Now, the firm can avail benefits for all those 20 people it has inducted."

The PMRPY scheme has not yielded the desired result.

— employers have claimed benefits for only around 40,000 employees as yet. The EPFO hopes that "lakhs of" new employees will come into its fold as many employers will avail the opportunity.

Under a special package for the textile and garment sector unveiled by the Modi government in June 2016, the government will bear the entire 12% employer's contribution to the retirement fund for the first three years against 8.33% for other sectors under the PMRPY.

Business Line

## 5. RBI may not tinker with policy rate

OUR BUREAU

The Reserve Bank of India is likely to maintain status quo on policy rates in its first bi-monthly monetary policy review of FY18, due to be announced Thursday afternoon.

The review comes in the backdrop of the likelihood of 'El Nino' disrupting monsoon rainfall and exerting upward pressure on food prices, and rising global oil and commodity prices.

Further, stubborn core inflation (excluding food, fuel and light), especially arising from shortages in the health, education and housing sectors, may stay the RBI Governor's hand from changing the repo rate. Repo rate is the interest rate at which the RBI provides liquidity to banks to help them overcome short-term liquidity mismatches. It is currently at 6.25 per cent. The central bank, however, is expected to announce measures to suck out surplus liquidity amounting to about ₹4 lakh crore from the markets to ensure that the monetary policy is in sync with its stance, which was changed from 'accommodative' to 'neutral' in the last policy review.

In its last policy review, announced on February 22, the RBI had kept its signal rate unchanged as the six-member rate setting monetary policy committee was of the view that the persistence of inflation, excluding food and fuel, could set a floor on further downward movements in headline inflation.

Abheek Barua, Chief Economist, HDFC Bank, said: "The RBI is likely to keep the repo rate unchanged in its upcoming monetary policy review. In our view, its main focus is likely to be on liquidity absorption in order to signal a neutral policy approach and for gaining additional headroom to intervene in the currency market." Referring to the surplus liquidity in the system, Barua felt that it is likely to rise further when the government starts spending in the new fiscal year. Moreover, if the rupee continues to appreciate, there could be added pressure as the RBI starts buying dollars to cap gains in the currency.

Madan Sabnavis, Chief Economist, CARE Ratings, said: "We believe that there will be no rate cut in the upcoming RBI policy review but a rate cut is expected in the third quarter of FY18 if the monsoon conditions in the economy remain normal. The stance will continue to be neutral and not accommodative."

## 6. Mobile apps of 7 Indian banks compromised: FireEye

VARUN AGGARWAL

The mobile apps of seven banks in India were infected with malware that can steal sensitive financial information, a study has revealed.

According to US-based cyber security firm FireEye, banking network frauds have spread around the world. The firm has tracked such incidents that affected banks in Ukraine, Ecuador and India, with losses totalling more than \$100 million.

"In India, we have seen financially-motivated cyber-criminal groups launching sophisticated attacks to steal funds from many potential sources: organisations, consumers, ATMs and banks.

"As India's digital payment systems handle more transactions, they will become more lucrative targets," Vishal Raman, India Head at FireEye told *BusinessLine*.

"We have found mobile apps of seven large banks in India infected with malware that has the capability to steal user credentials. We have informed the banks about the same," Raman said, without disclosing the names of the banks to prevent misuse of the vulnerabilities.

Raman said that while the security deployed by banks in India has improved over the years, hackers seem to be moving faster and banks are merely playing catch-up.

### **More sophisticated**

"We're seeing a much higher degree of sophistication from attackers than ever before. Nation-states continue to set a high bar for sophisticated cyber attacks, but some financial threat actors have caught up. Financial attackers have improved their tactics, techniques and procedures to the point where they have become difficult to detect and challenging to investigate and remediate," he said.

According to FireEye, a majority of both victim organisations and those working diligently on defensive improvements are still lacking fundamental security controls and capabilities to either prevent breaches or to minimise the damages and consequences of an inevitable compromise.

The two major malware found on Indian banking apps by FireEye are: Webinjects and Bugat.

Webinjects are a functionality integrated into many types of credential theft malware that allow hackers to dynamically alter what is displayed to victims on an infected device (mobile phone).

In some cases a message is displayed that encourages users to download a malicious application, under the guise of installing a personal security certificate for their cell phone SIM card.

Bugat is a credential theft malware used by a limited number of cyber-crime groups. These groups spread the malware widely often through spam e-mail campaigns.

"Based on our analysis of Bugat configuration files observed in August 2015, targets exclusively related to financial services used by consumers, corporations and financial services were added during this time, continuing the operators' focus on this sector," Raman said.

## **7. No plans to demonetize Rs 2,000 notes: Govt**

PTI

There are no plans to demonetise the new Rs 2,000 currency notes, the government said today, scotching "rumours" to this effect.

"We are seizing fake currency. As far as rumours in the market are concerned, we should not go by such rumours," Minister of State for Home Kiren Rijiju said in the Rajya Sabha.

He was responding to a question by Congress member Madhusudan Mistry during Question Hour seeking to know if the government will demonetise Rs 2,000 currency notes as there were "strong rumours" in the market.

The Minister said fake currency has mostly been seized from Gujarat and West Bengal. "But it is not correct that fake currencies cannot be identified. It is not true," he said.

Counterfeit currency that came into the market after demonetisation were made of low quality paper which was easy to make out. But later fake currency notes with better quality paper started coming in, Rijiju said.

Stating that the government has adopted many new security features in the new currency notes, Rijiju said, "I can assure the House and the country that now no one can copy 100 per cent, as we have indigenous design and extra features."

The government is more alert and has taken many measures to curb fake currency such and there were provisions for stringent action against those involved in fake currency, including setting up a coordinated committee of all intelligence agencies, providing training and creating awareness among the people, he said.

As per the data placed before the Upper House, Border Security Force has seized 378 new Rs 2,000 currency notes from Assam and West Bengal post demonetisation.

National Investigation Agency (NIA) has seized 22,677 new Rs 2,000 notes worth Rs 4.53 crore from Gujarat and West Bengal.

With kind regards,

Yours Comradely,



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