



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/ ubioatnng@gmail.com/ 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,

21st August , 2017

News of Interest 21st AUG

MOTIVATIONAL QUOTES

“CHANGE IS THE LAW OF LIFE. AND THOSE WHO LOOK ONLY TO THE PAST OR PRESENT ARE CERTAIN TO MISS THE FUTURE. “JOHN F. KENNEDY

HIGHLIGHTS

- 1. BANKS THREATEN STRIKE TOMORROW; SERVICES AT PRIVATE LENDERS MAY NOT BE HIT**
- 2. REGIONAL RURAL BANKS' MERGER GETS EXEMPTION FROM SEEKING APPROVAL FROM CCI**
- 3. DEFAULTERS OWE 27 PER CENT OF TOTAL AMOUNT TO SBI ALONE, PNB NEXT**
- 4. GOVERNMENT MAY PUT PUBLIC SECTOR BANKING MERGERS ON FAST TRACK**
- 5. PSBS NEED TO TAKE HAIRCUTS ON STRESSED ASSETS: RBI GOVERNOR**

Business Standard

1. Banks threaten strike tomorrow; services at private lenders may not be hit

Operations at pvt banks like ICICI Bank, HDFC Bank, Axis and Kotak Mahindra are going to be normal

[Press Trust of India](#) |

Services at public sector banks may take a hit on Tuesday as all unions under the aegis of UFBU have threatened to go on strike against the government's proposed consolidation move besides raising a host of other demands.

Most banks have already informed their customers that functioning of branches and offices will be impacted if the strike takes off.

Operations at private lenders like ICICI Bank, HDFC Bank, Axis Bank and Kotak Mahindra Bank are expected to be normal except delays in cheque clearances.

The United Forum of Bank Unions (UFBU) is an umbrella body of nine unions, including All India Bank Officers' Confederation (AIBOC), All India Bank Employees Association (AIBEA) and National Organisation of Bank Workers (NOBW).

"As the conciliation meeting before the Chief Labour Commissioner failed, unions are left with no other option but to go on strike. There was no assurance from the government and the management of banks," AIBOC General Secretary D T Franco said.

All attempts to hammer out solutions to the demands raised by the unions bore no fruit and hence, UFBU decided to proceed with the proposed strike on August 22, he said.

Other demands include no write-off policy for non-performing assets (NPAs) of corporate loans, declaring wilful default of loans as criminal offence and implementation of recommendations of Parliamentary Committee on recovery of NPAs, AIBEA General Secretary C H Venkatachalam said.

He also suggested that banks should not pass on the burden of corporate NPAs on bank customers by hiking charges.

Venkatachalam said the government should abolish the Banks Board Bureau and ensure stringent measures to recover bad loans and accountability of top executives.

UFBU, which claims membership of nearly 10 lakh across banks, also requested the government for cost reimbursement of demonetisation to banks.

As many as 21 public sector banks control 75 per cent of the total business.

2. Regional rural banks' merger gets exemption from seeking approval from CCI

The exemption would help ensure that these transactions close quickly

Press Trust of India

The mergers of regional rural banks that are ordered by the government are now exempt from seeking CCI approval, according to a notification, a move that will lead to the faster closure of such transactions.

The Competition Commission of India (CCI) keeps a tab on unfair business practices across sectors. Mergers and acquisitions beyond a certain threshold compulsorily require clearance from the fair trade watchdog.

Regional Rural Banks (RRBs) -- set up under the RRB Act, 1976 - provide credit and other facilities to small farmers, agricultural labourers and artisans, among others, in the rural areas.

Currently, there are 56 RRBs.

As per a recent notification, the corporate affairs ministry said the mergers of RRBs directed by the government have been exempted from seeking CCI approval. The exemption has been granted for a period of five years.

The provisions of Section 5 and 6 of the Competition Act would not be applicable for five years on such transactions.

Section 5 and 6 pertain to a combination of enterprises.

The CCI comes under the corporate affairs ministry.

Karan Singh Chandhiok, the partner at law firm Chandhiok & Associates, said the ministry has given a five-year exemption for such mergers from requiring the CCI clearance.

"The banking sector in India is stressed and if the government wishes to amalgamate certain regional rural banks in the public interest, then regulatory approvals should be kept at the minimum.

"Against this backdrop, the exemption would help ensure that these transactions close quickly," he told PTI.

Under the RRB Act, 50 per cent stake in an RRB would be with the central government, 15 per cent with the state government concerned and the remaining with the sponsor bank.

In 2015, the RRB Act was amended whereby such banks were permitted to raise capital from sources other than central, state governments and sponsor banks.

In such instances, the combined shareholding of the central government and the sponsor bank should not be lower than 51 per cent.

Further, if the state government's stake comes down to below 15 per cent in an RRB, then the central government needs to consult the state government concerned.

Financial Express

3. Defaulters owe 27 per cent of total amount to SBI alone, PNB next

Country's largest lender SBI accounts for over 27 per cent of the total amount owed to public sector banks by wilful defaulters

By: [PTI](#)

Country's largest lender SBI accounts for over 27 per cent of the total amount owed to public sector banks by wilful defaulters. As many as 1,762 wilful defaulters owed Rs 25,104 crore to State Bank of India as on March 31, putting pressure on its balance sheet. Punjab National Bank (PNB) is next on the list with 1,120 wilful defaulters having outstanding non-performing assets (NPAs) or bad loans of Rs 12,278 crore. Together these two banks account for Rs 37,382 crore or 40 per cent of the total outstanding loans. Total outstanding loans due to public sector banks by wilful defaulters amounted to Rs 92,376 crore, according to the Finance Ministry data.

The total outstanding loans by wilful defaulters rose to Rs 92,376 crore at the end of financial year 2016-17, from Rs 76,685 crore at the end of last fiscal 2015-16 — up 20.4 per cent. At the same time, there has been close to 10 per cent increase in the number of wilful defaulters on annual basis. It increased to 8,915 at the end of March as against 8,167 in the previous fiscal. Out of 8,915 cases of wilful defaults, banks have filed FIR (First Information Report) in 1,914 cases with outstanding loans of Rs 32,484 crore.

During 2016-17, 27 public sector banks, including SBI and its five associates had written off Rs 81,683 crore, the highest in the last five fiscals. The amount was 41 per cent higher than that in the previous fiscal. Gross NPAs of the public sector banks rose to Rs 6.41 lakh crore at the end of March 2017 as against Rs 5.02 lakh crore a year ago. In order to check incidences of wilful default, RBI has tightened the norms and made it clear that promoter of the defaulting company cannot escape from his responsibility even if he is not a whole time director.

As per earlier guidelines, a bank couldn't label a non- whole-time director of a company as a wilful defaulter unless there was conclusive evidence that the individual was aware of the wilful default by the company and had not objected to it. A wilful default occurs when a borrower doesn't honour an obligation despite having the capacity to pay or siphons off funds by disposing of assets without the knowledge of the bank, according to RBI. RBI has allowed banks to name and shame wilful defaulters by publishing their photographs.

Economic Times

4. Government may put public sector banking mergers on fast track

By *Dheeraj Tiwari*

Keen to push consolidation in the public sector banking space, the government is looking to set up a new mechanism to speed up decisions on possible mergers among state-run lenders.

The new process will be along the lines of the alternative mechanism that's been adopted for strategic disinvestments, which involves a small group of cabinet ministers.

"We are discussing various combinations for merger in public sector banks. The basic premise remains the same, that is to put the process on a fast track," said a government official aware of the deliberations, adding that this option may also be explored for the IDBI Bank stake sale.

The government announced its intention of reducing its stake in IDBI Bank to below 51 per cent last year but this hasn't taken place yet on account of the lender's bad loans and as the valuation exercise hadn't included its real estate assets. The government has adopted the alternative decision-making mechanism to expedite stake sales in government-run companies.

Cabinet approval won't be needed at every stage with this mechanism in place, making the process faster. This process is being employed to pursue a stake sale in national carrier Air India as well.

The cabinet committee on economic affairs (CCEA) on Wednesday expanded the scope of the alternative mechanism for pursuing the government's strategic sale disinvestment programme.

It comprises finance minister Arun Jaitley, roads minister Nitin Gadkari and the minister of the relevant administrative department. This mechanism can now decide on matters relating to terms and conditions of the sale from the stage at which expressions of interest are invited to that of seeking financial bids.

Business Line

5. PSBs need to take haircuts on stressed assets: RBI Governor

OUR BUREAU

Expressing concern at the persistently high gross non-performing asset (GNPA) ratios in the banking system in the past few years, Reserve Bank of India Governor Urjit Patel on Saturday said public sector banks (PSBs) will need to take haircuts on current exposures under any resolution plan agreed within or outside the Insolvency and Bankruptcy Code (IBC).

Given that higher provision on account of stressed assets as well as other factors will affect the capital position of several (public sector) banks, Patel said this would necessitate higher recapitalisation of these banks. The government and RBI are in dialogue to prepare a package of measures to enable the banks to shore up requisite capital in a time-bound manner.

"The GNPA ratio of the banking system at 9.6 per cent and stressed advances ratio at 12 per cent as of March-end 2017 on the back of persistently high ratios in the past few years is indeed a matter of concern. 86.5 per cent of the GNPA's are accounted for by large borrowers, who have taken loans of Rs. 5 crore and above," said the Governor at a conclave on IBC organised by the Confederation of Indian Industry.

Patel observed that the regulatory challenge will be the economic challenge in dealing with the issue that is accentuated when seen against the capital position of some of the banks, particularly in the public sector. Swift, time-bound resolution or liquidation of stressed assets will be critical for repairing the bank balance sheets and for efficient reallocation of capital.

The sense of urgency imbued in the measures to address stressed assets is reflective of a strong intent to not allow things to drag any further, the Governor said, adding that the recent measures address two key lacunae in the earlier framework -- one, the absence of a hard-coded time-bound period for resolution and two, the agency and co-ordination failures at banks and JLF in pushing through viable restructuring plans.

He underscored that the IBC, in essence, provides for a single window, time-bound process for resolution of an asset with an explicit emphasis on promotion of entrepreneurship, maximisation of value of assets, and balancing the interests of all stakeholders.

Patel elaborated that for a creditor, an asset, in most cases, is more valuable when it is a going concern and generates adequate cash flow as compared to an asset under liquidation. The IBC puts a time limit of 180 days, extendable by a further 90 days, within which creditors have to agree to a resolution plan failing which the adjudicating authority under the law will pass a liquidation order on the insolvent company.

So, the threat of liquidation, which could potentially result in larger losses for creditors as a whole, should be sufficient incentive for them to ensure efficient coordination during the insolvency resolution period so as to quickly arrive at a decision, said Patel.

For the promoter, the Governor felt that the biggest cost of being pushed under IBC is the possibility of losing the firm to potential bidders. This should incentivise the firms to avoid defaults and overborrow in the first place. This will improve, ex-ante, the credit culture in the country.

He emphasised that weak credit discipline in banks, right from the appraisal to sanction stage, is one of the main non-systematic factors in the build-up of stressed assets.

The success and credibility of all the asset resolution efforts would be critically contingent on the strength of public sector bank balance sheets to absorb the costs (haircuts).

"It is clear that PSBs will need to take haircuts on current exposures under any resolution plan agreed within or outside the IBC. Higher provision on this count as

well as other factors will affect the capital position of several banks. This would necessitate a higher recapitalisation of these banks," said Patel.

To shore up banks' capital measures would include a combination of capital raising from the market, dilution of government holding, additional capital infusion by government, mergers based on strategic fit and sale of non-core assets.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY