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Dear Comrades,

28th August , 2017

News of Interest 28th AUG

MOTIVATIONAL QUOTES

“I BELIEVE IF YOU KEEP YOUR FAITH, YOU KEEP YOUR TRUST, YOU KEEP THE RIGHT ATTITUDE, IF YOU'RE GRATEFUL, YOU'LL SEE GOD OPEN UP NEW DOORS.”

JOEL OSTEEN

HIGHLIGHTS

- 1. PSU BANKS TAKE ACTION AGAINST 5,954 WILFUL DEFAULTERS TO RECOVER RS 70K CR**
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Business Standard

1. PSU banks take action against 5,954 wilful defaulters to recover Rs 70K cr

Total outstanding loans soared to Rs 92,376 cr by the end of FY17

Press Trust of India

Public sector banks have taken loan recovery action under Sarfaesi law against 5,954 wilful defaulters owing about Rs 70,000 crore to the lenders.

At the end of March 31, 2017, 21 banks together have taken action against 5,954 wilful defaulters under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (Sarfaesi) Act, as per data collated by the Finance Ministry.

The country's largest lender SBI has taken action against 1,444 such defaulters with an outstanding loan of Rs 20,943 crore.

Remaining 20 banks have taken action against 4,510 wilful defaulters with an outstanding loan of Rs 48,496 crore.

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 the financial year 2016-17, from Rs 76,685 crore at the end of 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 does not honour an obligation despite having the capacity to pay or syphons 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.

2. Govt ready to provide capital support for PSU banks' merger, say sources

Proposals from PSBs to require in-principle approval for consolidation

Press Trust of India

The finance ministry is open to providing capital support for facilitating consolidation among state-owned banks, which are reeling under mounting bad loans, official sources said.

The Union Cabinet has approved the setting up of an alternative mechanism, or a panel of ministers, to decide on consolidation proposals for state-run banks.

On receiving a proposal from stressed banks, if the ministerial panel finds that the

merger is going to create a strong bank, it will not let it go for want of fund shortage, the sources said, adding that acquisition will come at a cost.

"First, the merger proposal should come from the board," said a source, who did not want to be named.

"If the Alternative Mechanism finds the match viable, the finance ministry could provide capital support to the acquiring bank if there is a shortfall," he said.

Sources said the government is keen that at least one merger proposal reaches a logical conclusion by the end of the current financial, which is next March-end.

Finance Minister Arun Jaitley, after the Cabinet decision last week, had said that the government has not set any target for consolidation.

There are now 20 public sector banks (PSBs) other than SBI. These state-owned banks are grappling with Rs 6 lakh crore worth of non-performing assets (NPAs) or bad loans, which is about 75 per cent of the total distress.

After in-principle approval for consolidation, the banks would take steps in accordance with the law and Sebi requirements. The final scheme will be approved by the Cabinet.

An official source said: "It is not necessary that a larger public sector bank should overtake a small or mid-size lender. If there is synergy, two or three banks can merge to create a bigger and stronger entity so that the dependence on public exchequer is minimised."

Earlier this year, the government had approved the merger of SBI's five associate banks with itself. In March, the Cabinet also approved the merger of Bharatiya Mahila Bank (BMB) with SBI.

Five associates and BMB became part of SBI on April 1, 2017, 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 BMB, were merged with SBI.

With the merger, the total customer base of the SBI reached around Rs 37 crore with a branch network of around 24,000 and nearly 59,000 ATMs across the country. The merged entity began operation with a deposit base of more than Rs 26 lakh crore and advances level of Rs 18.50 lakh crore.

SBI first merged State Bank of Saurashtra with itself in 2008. Two years later, State Bank of Indore was merged with it.

Financial Express

3. Merger of PSBs: Centre will tailor solutions, but this is what it will certainly not do

Synergies and financial burden, mainly stressed assets, will be the key commercial considerations for the amalgamation of public-sector banks (PSBs), an official source told FE

By: Banikinkar Pattanayak

Synergies and financial burden, mainly stressed assets, will be the key commercial considerations for the amalgamation of public-sector banks (PSBs), an official source told FE. There won't be a one-size-fits-all approach to such mergers, he asserted. While the government has said the mergers will be based on commercial terms, factors such as human resource transition, geographical reach, regional balance and cultural ethos would also be considered because they have ramifications beyond just

operational levels and influence a bank's financial decisions, said the official. "Any factor — operational or financial — that influences a bank's commercial decision will have to be taken into account," said the source. The boards of potential candidates for consolidation will look into all such issues and come up with a proposal that reflects financial viability of the merged entity in the longer term, added the source. At least four banks — Canara Bank, Syndicate Bank, Dena Bank and Vijaya Bank — have given presentations before senior financial ministry officials on their takes on consolidation. At 17.37%, Dena Bank's gross non-performing assets are the worst of these four, while Vijaya Bank's are the best (7.3%).

Synergies of business portfolios, human resources, systems, reach and cultural fit will be key factors in the merger consideration. The amalgamation is aimed at creating a few strong banks that could cater for the massive credit requirements of the growing economy, and cutting costs as well as dependence on the government for capital infusion in the longer term. In the short and the medium terms, however, the government has made it clear that it would infuse capital, if required. M Narendra, former chairman and managing director of Indian Overseas Bank, said: "If the consolidation driven by a necessity to find commonalities and gain more efficiency, and if it results in the rationalisation of expenses, higher customer base, better reach and good financial ratios (such as capital adequacy, return on equity, shareholder values etc), it's a good move. However, ultimately they have to conduct rigorous exercise on these issues and find out relevant candidates."

Analysts have said such mergers are easier said than done, although, if done properly, they will strengthen the public-sector lending space. The government appears to be keen on having less than half the current number of PSBs. Of the 20 PSU banks (ex-SBI), nine have impaired loans in excess of 20% and 12 have a common equity tier or CET-1 of below 8%. Bank officers' union, too, has strongly criticised "the forced mergers" and claimed such decisions in the past (such as the merger of its five arms and Bharatiya Mahila Bank with SBI) were disastrous, too, due to "unsuccessful consolidation of banks working systems and methodology, asymmetric organisation restructuring, improper and hasty communication, inappropriate human resources integration, and lack of cultural consideration".

SBI's consolidated net profit touched Rs 3,105.35 crore for the June quarter, in the first quarterly result after merger of its five arms and Bhartiya Mahila Bank. On standalone basis, however, the net profit was down over 20% as bad loans which rose during the April-June period of 2016-17 rose to 9.97% as of June 30, against 6.94% a year before. Last week, the Cabinet decided to set up an inter-ministerial panel to expedite consolidation process among PSBs.

Economic Times

4. 30 crore families got Jan Dhan accounts, Rs 65,000 crore deposited: PM Narendra Modi

PTI

At least 30 crore new families have got Jan Dhan accounts in which almost Rs 65,000 crore have been deposited, Prime Minister Narendra Modi said today, on the eve of third anniversary of the scheme aimed at financial inclusion.

He said banks have conducted surveys about how the common man has benefitted from Jan Dhan Yojna as also from insurance schemes like Pradhan Mantri Jeevan Jyoti Bima Yojna and Pradhan Mantri Suraksha Bima Yojna, from RuPay Card and Pradhan Mantri Mudra Yojna and these surveys have thrown up "inspiring stories".

Modi said the schemes like Pradhan Mantri Jeevan Jyoti Bima Yojna and Pradhan Mantri Suraksha Bima Yojna, with a small premium of one rupee or thirty rupees, are giving a new sense of confidence to the poor.

"Tomorrow, the Pradhan Mantri Jan Dhan Yojna will complete three years...On the 28th of August 2014, we had launched this campaign with a dream in our hearts," he said in his monthly radio programme 'Mann Ki Baat'.

He said the Jan Dhan Yojna had been a point of discussion among the financial pundits, not just in India, but all over the world.

"Thirty crore new families have been linked to this scheme, bank accounts have been opened. This number is larger than the population of many countries of the world," the prime minister said.

Under the Jan Dhan Yojna, almost Rs 65,000 crore have deposited in banks by the under privileged people, he said.

"In a way, this is a saving for the poor, this is his empowerment for the future. And those who opened their accounts under the Pradhan Mantri Jan Dhan Yojna, have received the benefit of insurance as well," he said.

Modi said he felt "a great sense of fulfilment that within three years, the last man on the fringes of the society has become a part of the mainstream economy of the country."

Because of the Jan Dhan Yojna, a poor man's ways have changed as he has started going to the bank and started saving money.

"There is now an air of prudence. He (a poor person) is now beginning to understand that the money can be of use for his children. The money can be used productively in the days to come," Modi said.

Not just this, when a poor person sees a RuPay Card in his pocket, he finds himself to be equal to the privileged people and feels a sense of dignity, he said.

For many families, in times of adversity like the demise of the head of the family, they receive Rs 2 lakh in a matter of days through the one-rupee insurance, he said.

He said that under the Pradhan Mantri Mudra Yojna, millions and millions have been able to get loans from banks without any guarantee.

"They have been able to stand on their own feet and have succeeded in giving employment to one or two other people as well," Modi said.

Business Line

5. Bank of Baroda announces change in working hours of administrative offices

VINSON KURIAN

Digital transformation is forcing changes in the way banks do business, best reflected in how their focus has switched from being product-centric to a customer-centric.

It was only to be expected that the services at various levels would also get a look-in, which is what has led Bank of Baroda to think differently in that perspective.

The public sector bank has decided to open its administrative offices across the country for business earlier by an hour than branches/service outlets in business district areas.

In a circular to all branches/offices, it said that the work timings of its administrative offices have been changed to 9 am to 4 pm with effect from September 18.

This is inclusive of recess period of 30 minute from 1 pm to 1.30 pm. The offices for which the revised timings are applicable are as follows:

Head office, corporate office, zonal offices, regional offices, zonal inspection and audit divisions, SME Loan Factories, specialised mortgage stores, back offices, Baroda Academies and Apex Academy, and the government business department, New Delhi.

Accordingly, the notice of a change in terms of Section 9A of the Industrial Disputes has also been issued.

DIFFERENT TIMINGS

Explaining the logic, the circular issued by the Human Resources Management Department said that the branches/service outlets operate on different timings.

These are determined by the market dominion such that the service outlets located at suburban districts commence business at 9 am.

This is to suit the requirements of customers who would ideally be residents of the locality and would prefer to carry out some banking activity before proceeding to work.

Likewise, branches/service outlets located in business district areas catering to the banking requirements of business houses/corporate/traders commence business hours usually at 10 am or 11 am.

Administrative offices should commence work before a majority of branches open up for customer service, and close down at 4 pm at close of business hours in those branches.

This would ensure speedy and timely support to the branches, the circular said.

The bank is predominantly a customer-service oriented business and good customer service is the key to its growth and stability, the circular reiterated.

6. Student loans: Banks can submit interest subsidy claims till Nov 23

VINSON KURIAN

Banks can submit claims under the Central Scheme to provide Interest Subsidy (CSIS) on education loans for 2016-17 from August 23 to November 23, 2017.

An August 18 circular from the Indian Banks' Association (IBA) to chief executives of member banks cited a directive issued in this regard by the Union Ministry of Human Resource Development.

Canara Bank, the nodal bank under the CSIS scheme, may keep its web portal open from August 23 to November 23, the IBA circular said. It is the HRD Ministry which

provides full interest subsidy to eligible students during the period of study plus a moratorium period of one year.

Prerequisites

Students who have taken education loans to pursue professional/technical courses in India are eligible to apply for full interest subsidy if the annual parental income is less than ₹4.50 lakh. Member banks may submit claims for FY17, the circular said. The nodal bank has since made necessary changes in the Data Structure Document for capturing the date of birth of students in the CSIS web portal, as per the instructions of the HRD Ministry.

The IBA requested the member banks to submit the claims pertaining to all eligible education loan accounts for 2016-17.

They have also been advised to inform their respective Regional Rural Banks regarding the matter and ensure submission of claims within the stipulated time frame.

They shall train the staff on the CSIS scheme to ensure that claims are submitted in time and without errors.

The Education Loan Task Force, a voluntary body to create public awareness, says that in the past, several banks have failed to claim subsidy to eligible students due to lack of awareness among staff about the scheme.

Parents are required to submit the income certificate signed by the competent authority for applying for the loan. Eligible students may approach the respective bank managers and hand over a letter copied to the zonal manager of the bank requesting them to submit the claim in time.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY