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Dear Comrades,

6th June , 2017

News of Interest 6th JUNE

MOTIVATIONAL QUOTES

“GOOD, BETTER, BEST. NEVER LET IT REST. 'TIL YOUR GOOD IS BETTER AND YOUR BETTER IS BEST. “ ST. JEROME

HIGHLIGHTS

1. CBI RAIDS NDTV'S PRANNOY ROY FOR 2008 DEALS WITH ICICI BANK
2. SBI FLAGS OFF QIP TO RAISE RS 11,000 CRORE
3. GOVT TO GO AHEAD WITH PSU BANK MERGER WITHOUT FURTHER WAIT: FM
4. SBI NOW EXPECTS TO RECOVER ONLY PART OF KINGFISHER DUES, TO TAKE HIT OF RS 900 CRORE
5. RBL BANK'S CARD, MSME BUSINESSES IN TOP GEAR

Business Standard

1. CBI raids NDTV's Prannoy Roy for 2008 deals with ICICI Bank

Complaint by Quantum alleges Rs 48-cr loss caused to bank to benefit NDTV promoters

[N Sundaresha Subramanian](#) & [Archis Mohan](#)

Officers of the Central Bureau of Investigation (CBI) on Monday raided the residence of senior journalist and co-founder of listed broadcaster New Delhi Television (NDTV) Prannoy Roy and other premises linked to the organisation.

The investigation agency has registered a case against Roy, his wife and NDTV co-promoter Radhika Roy, their private firm RRPR Holdings and NDTV India. The First Information Report (FIR) also mentions “unnamed ICICI Bank officials” among the suspects.

The FIR, which has alleged criminal conspiracy and invoked Prevention of Corruption Act, was based on a complaint by Quantum Securities, a firm run by Delhi-based stockbroker and NDTV shareholder Sanjay Dutt. Dutt, who once shared a close relationship with the Roys, had lodged several complaints against NDTV and its promoters with various agencies, including the Securities and Exchange Board of India and the income tax department.

In the latest complaint, dated April 28, Quantum alleged "pecuniary loss of over Rs 48 crore to ICICI Bank arising out of unlawful/undue favour and profit transferred to promoters of New Delhi Television— being Dr Prannoy Roy, Radhika Roy and RRPR Holding." The complaint added that "ICICI Bank allegedly conniving, committing fraud and entering into a conspiracy with promoters of NDTV to facilitate transfer of ownership of a news broadcasting company to a khoka/shell company."

Shares of NDTV tanked nearly 7 per cent intra-day. The stock plunged 6.74 per cent to Rs 58.10, a 52-week low, on the BSE during the day. Later, it trimmed some of the losses and ended at Rs 60.45, down 2.97 per cent.

NDTV said it would fight the "witch-hunt". It called the CBI action an attempt to undermine democracy.

A statement from the company said: "It is shocking that the CBI conducted searches on NDTV offices and the residence of its promoters without even conducting a Preliminary Enquiry. This is a blatant political attack on the freedom of the press, as sources confirm that under pressure, the CBI has been compelled to file an FIR based on a shoddy complaint by a disgruntled former consultant at NDTV called Sanjay Dutt, who has been making false allegations and filing cases in courts of law with these false allegations. So far, he has not obtained a single order from any of these courts. Legal analysts are astounded that where courts have rejected giving any order in all these years, the CBI conducts raids based on what is a private complaint".

NDTV said, "The allegation appears to be for a loan which has been repaid by Prannoy Roy and Radhika Roy more than seven years ago. Even though lakhs and crores of rupees of dues have not been paid by several industrialists and no criminal case has yet been registered against any of them by the CBI, the CBI has chosen not only to register an FIR, but also conduct a search for a loan which has been duly repaid to ICICI Bank. Moreover, ICICI is a private bank. The allegation that no disclosure was made to SEBI and other regulatory authorities is not only incorrect and false but also does not cloth the CBI with any power to register cases and search, which further amplifies the fact that the search by the CBI is only a witch-hunt against independent media. NDTV and its promoters have never defaulted on any loan to ICICI or any other bank. We adhere to the highest levels of integrity and independence. It is clearly the independence and fearlessness of NDTV's team that the ruling party's politicians cannot stomach, and the CBI raid is merely another attempt at silencing the media. No matter how much the politicians attack us, we will not give up the fight for freedom and the independence of media in India."

An ICICI Bank spokesperson declined to comment. However, private sector bankers said that it is a very common practice to settle loans in this manner. For example, bankers say that Standard Chartered is likely to take a haircut in case of Essar loans. "Private sector banks, unlike public sector banks, are willing to settle loans at a small loss of interest otherwise, it is almost impossible to go ahead and resolve the huge problem of non-performing assets," said a private sector banker. He also added that August 2009 was the post-Lehman period, when bankers were completely unsure about the economy and banks would have rushed to make settlements. "Filing FIRs against private sector bankers would discourage them from settling cases -- something that is already causing a huge problem in the public sector banks," he added.

In February, Supreme Court judge Prafulla C Pant had cleared the air on applicability of Prevention of Corruption Act provisions over private bank executives, while hearing another case. "We are of the opinion that the courts below have erred in law in holding that accused Ramesh Gelli and Sridhar Subasri, who were chairman/managing director and executive director of GTB, respectively, were not public servants for the purposes of Prevention of Corruption Act, 1988," Pant had said in his verdict.

Information and Broadcasting Minister M Venkaiah Naidu said there was no political interference in the CBI raids on NDTV founder Prannoy Roy's properties. He said the law was taking its course. "If somebody does something wrong, simply because they belong to media, you cannot expect the government to keep quiet," Naidu told reporters.

The transactions in the NDTV case date back to the time of collapse of Lehman Brothers and the financial market meltdown in September-October 2008.

NDTV promoters, who faced margin calls from Indiabulls Finance as the company's stock price tumbled from Rs 400 levels to below Rs 100, had struck an arrangement with ICICI Bank. A loan was raised from Indiabulls for an open offer, which was triggered because of a buyback of a stake sold to private equity player General Atlantic.

Citing balance sheets and other filings of RRPR Holdings, Quantum said ICICI Bank had granted a loan of Rs 375 crore at 19 per cent interest on October 23, 2008. Of this, about Rs 350 crore had been drawn. The total dues, along with interest, stood at about Rs 396 crore. But in August 2009, the bank entered into a one-time settlement with NDTV at Rs 350 crore. This, along with certain other dues, resulted in a loss of Rs 48 crore for the bank, alleged Quantum, and ensured gains for NDTV promoters.

The complaint goes on to explain the transaction between RRPR Holdings and Vishwapradhan Commercial, which enabled the repayment to ICICI Bank. The CBI FIR is silent about Vishwapradhan or entities associated with it, though it has mentioned "other unnamed persons", leaving scope for additions at a later stage.

Though the complaint was filed over a month ago, the FIR was registered at 3 pm on Friday.

On Thursday evening, NDTV's senior anchor Nidhi Razdan had asked BJP spokesperson Sambit Patra to leave a debate mid-way after he alleged the channel was biased. The video of the interaction went viral.

Swaraj Abhiyan leader and prominent lawyer Prashant Bhushan said this was the immediate trigger for the CBI action. "Raids on NDTV take place three days after a BJP spokesman is asked to leave Razdan's show. The message is clear. Govt intimidating the media. Others who have swallowed lakhs of crores from public sector banks are cronies of the govt. Can't you see diff between a crony & Indep media?" he tweeted.

Raids on NDTV take place 3 days after BJP spokesman is asked to leave Razdan's show. The message is clear. Govt intimidating the media <https://t.co/e0J0gTmj4y>

— Prashant Bhushan (@pbhushan1) June 5, 2017

Others who have swallowed lakhs of Crores from public sector banks are cronies of the govt. Can't you see diff between a crony & Indep media? <https://t.co/DIPdKvujgH>

— Prashant Bhushan (@pbhushan1) June 5, 2017

N Ram, former editor-in-chief of The Hindu Group of Publications, tweeted: "Those who value media freedom must speak out & act 'cause they know that while nothing will happen in the end the process is the punishment."

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— N. Ram (@nramind) June 5, 2017

Leaders of Congress, Trinamool and the Aam Aadmi Party slammed the raids and dubbed the move as one to silent independent voices.

The Press Association President Jaishankar Gupt termed the raids "highly condemnable" and "a revengeful act".

2. SBI flags off QIP to raise Rs 11,000 crore

This is part of the plan to mop up Rs 15,000 crore from the markets in the current fiscal year

Abhijit Lele/PTI

The State Bank of India (SBI), the country's largest lender, has launched share sales through private placement to raise about Rs 11,000 crore to shore up its capital adequacy ratio.

This is part of the plan to mop up Rs 15,000 crore from the markets in the current fiscal year.

In a regulatory filing, the bank said it had opened a "qualified institutional placement" (QIP) of equity shares with a face value of Rs 1 to qualified institutional buyers.

"The floor price in respect of the issue, based on the pricing formula of Sebi, is Rs 287.58 per equity share of the bank and the relevant date for this purpose...is June 5, 2017," the filing said.

It further said the bank might offer a discount of not more than 5 per cent to the floor price. According to sources, the SBI plans to raise Rs 11,000 crore through this QIP.

In March, the central board of the bank had approved raising equity capital of up to Rs 15,000 crore during 2017-18.

The board had permitted the bank to raise funds by way of a follow-on public offer (FPO), rights issue, QIP, American Depository Receipts (ADRs), Global Depository Receipts (GDRs), or employee stock options.

The bank's stock closed at Rs 287.35, down 0.02 per cent, on the BSE.

On a consolidated basis, its deposits stood at Rs 25,99,811 crore and its net advances were at Rs 18,96,887 crore at the end of March.

3. Govt to go ahead with PSU bank merger without further wait: FM

Currently, there are 21 PSU banks in the country, including State Bank of India

Press Trust of India

The government today said it is examining the possibility of further consolidation in the public sector banking space without waiting for their finances to improve.

Merger of five associate banks and Bhartiya Mahila Bank with the country's largest lender SBI took place in April.

"Internally there was a thinking after the SBI amalgamation took place to wait for the rest till the health of the banks improve.

"We have now relooked at the whole system and there are some institutions within the public sector banks which can be consolidated even in the present circumstances. We are seriously examining them," Finance Minister Arun Jaitley told CNBC TV18.

Even Reserve Bank Governor Urjit Patel in April had said the Indian banking system could be better off if some public sector banks are consolidated to have fewer but healthier entities, as it would help in dealing with the problem of stressed assets.

Toxic loans of public sector banks rose by over Rs 1 lakh crore to Rs 6.06 lakh crore during April-December of 2016-17, the bulk of which came from power, steel, road infra and textile sectors.

Currently, there are 21 PSU banks in the country, including State Bank of India.

According to experts, Punjab and Sind Bank can be merged into Punjab National Bank, while other big lenders like Bank of Baroda can take over some turnaround banks in the southern region such as Indian Overseas Bank. Similarly, Dena Bank could be merged with some large banks like South Indian bank.

On privatisation of IDBI Bank, Jaitley said that initially the government had moved substantially but the process got slowed down as it had to decide on the complicated issues related with large real estate assets of the bank in Mumbai and elsewhere.

Referring to the complications, he said, "Can you without segregating that (real estate), sell just the banking system which in the present state is not in the best of health. That process got slowed down a little".

Jaitley in 2015 had hinted at a change in IDBI Bank wherein the government would continue to hold a majority stake, yet keep it at arm's length.

Citing the example of Axis Bank, he had wondered if IDBI Bank could follow that model.

But since then, there has not been much progress on the plans due to one reason or another. IDBI Bank has a large portfolio of real estate, which was not taken into consideration during the valuation exercise.

In the year ended March 31, 2017, IDBI Bank posted a net loss of Rs 5,158 crore as against net loss Rs 3,665 crore in fiscal 2016.

The bank's gross NPAs almost doubled to 21.25 per cent of the gross advances in the fourth quarter of the last fiscal compared to 10.98 per cent in the corresponding period of the previous financial year. The net NPAs were 13.21 per cent against 6.78 per cent.

Economic Times

4. SBI now expects to recover only part of Kingfisher dues, to take hit of Rs 900 crore

BY DHEERAJ TIWARI , ET BUREAU |

A State Bank of India internal report said there was little hope of recovering anything substantial from the grounded Kingfisher Airlines. The country's largest bank expects to take a hit of about Rs 900 crore on this account.

The total exposure of the SBI-led consortium of 14 banks to the Vijay Mallya-promoted airline is more than Rs 5,000 crore, excluding accrued interest. SBI's fund-based exposure stands at over Rs 1,200 crore, the bulk of which is considered unrecoverable.

"It is the policy of the bank not to comment upon individual accounts and its treatment," said an SBI spokesperson.

The government is trying to extradite Mallya from the UK to face action in cases related to the airline's loan defaults. He's also wanted for questioning over alleged money laundering. Mallya has denied any wrongdoing.

The three-month-old assessment, which ET has seen, expects that about Rs 1,100 crore may be recovered through the sale of pledged assets worth Rs 1,565 crore. The hypothecated assets include Mallya's Kingfisher villa in Goa, which was sold for Rs 73 crore in April. The bank had pegged its market value at Rs 85 crore.

"There are no takers for the Kingfisher Airlines brands which are valued (at) Rs 7-315 crore," said a senior bank executive aware of the report. Nine trademarks have been hypothecated. "Forget about brands, we have so far have struggled to sell even the real estate assets, such as Kingfisher House, Mumbai."

A fifth auction last month had no bidders despite the reserve price of the property having been cut to `93.50 crore from an initial estimate of `107 crore.

The Central Bureau of Investigation (CBI) filed a first investigation report (FIR) in September 2016 — after SBI complained that Mallya did not disclose the receipt of \$40 million from Diaego in February that year— on the grounds of dishonour of personal and corporate guarantee, and dishonest intention.

The report stated that until 2013 none of the banks had come across any material evidence indicating fraud, as defined by the Reserve Bank of India (RBI). Further, a forensic audit by SBI also did not reveal any fraud, said the executive cited above.

Business Line

5. RBL Bank's card, MSME businesses in top gear

OUR BUREAU

RBL Bank's retail book has been growing at an impressive pace. Credit card issuances have more than doubled to nearly 2.43 lakh customers as have spends over the past year.

Lending to micro and small enterprises has also more than doubled to ₹333 crore from about ₹143 crore in the previous year with the number of clients quadrupling.

Harjeet Toor, Head of Cards, Retail & MSME lending and Financial Inclusion at RBL Bank, is satisfied with the robust growth numbers but is also conscious that these figures look good because the base is still small.

Asked about RBL's strategy to acquire customers in the competitive retail lending market, Toor said the aim was to focus on under-served markets, especially salaried customers working in small private limited companies. The space that they would straddle is currently dominated by public sector banks and non-banking finance companies, he said.

Interestingly, 90 per cent of RBL's card customers are those from other banks. Toor said that the existing customer base was still not big enough for cross-selling efforts to start yielding results.

On financial inclusion (micro-finance) initiatives, Toor said that the bank was now operating across 13 States through 10 banking correspondents. It was able to serve 13.7 lakh customers with a book size of ₹2,169 crore, he said.

Given that about 15 per cent of micro-finance loans at the industry level (nearly ₹15,000 crore) was under stress following demonetisation, Toor agreed that his bank customers were also affected a bit by rural sector distress. Some customers were also in default in anticipation of loan waiver by the government, although this was promised only for some crop loans.

Asked about the competition faced by RBL from payments and small finance banks, Toor said that he saw payments banks as enablers and it would be possible to work with them and build on their distribution strengths to improve penetration in rural hinterlands.

He anticipated greater competition to come from small finance banks, though he said this would be more visible two to three years from now. Currently, they (SFBs) are focussed on getting their act together and meeting the compliance challenges. This would provide a window of opportunity for RBL, Toor said.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY