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**Dear Comrades,**

**20th June , 2017**

**News of Interest 20th JUNE**

### **MOTIVATIONAL QUOTES**

**"A LEADER IS ONE WHO KNOWS THE WAY, GOES THE WAY, AND SHOWS THE WAY."  
JOHN C. MAXWELL**

### **HIGHLIGHTS**

- 1. BANK OF MAHARASHTRA SHARES DOWN NEARLY 4% ON RBI'S PAC ACTION**
- 2. 12 LARGE NPA CASES YET TO COME BEFORE IBBI, SAYS M S SAHOO**
- 3. NPA RESOLUTION: PMO TAKES STOCK OF PROGRESS**
- 4. BANDHAN BANK TO OPEN 160 BRANCHES MORE**
- 5. ELECTION OF SHAREHOLDER DIRECTORS AT SBI IRKS OFFICERS' BODY**
- 6. FOR DCB BANK, SELF-EMPLOYED IS A 'PRIORITY SEGMENT'**

Business Standard

#### **1. Bank of Maharashtra shares down nearly 4% on RBI's PAC action**

RBI has initiated PAC against the bank because of its mounting bad loans

Press Trust of India

Shares of Bank of Maharashtra (BoM) on Monday fell nearly 4 per cent as the Reserve Bank of India (RBI) has initiated Prompt Corrective Action (PAC) against the company in view of a high level of bad loans and negative return on assets.

The stock went down by 3.40 per cent to close at Rs 29.80 on BSE. During the day, it slumped 4.37 per cent to Rs 29.50.

At NSE, shares of the company dipped 3.70 per cent to close at Rs 29.85.

BoM has become the sixth state-owned lender to be put under the PCA.

This is to inform that the Reserve Bank of India letter dated June 15, 2017, has initiated PCA for the bank in view of high net NPA, BoM said in a regulatory filing on stock exchanges on Saturday.

"This action will not have any material impact on [the] performance of the bank and will contribute to improve the internal controls of the bank and improvement of its asset quality, profitability and efficiency," it said.

For the year ended March 2017, the net non-performing assets (NPAs) of the bank rose to 11.76 per cent, while return on assets declined to (-) 1.09 per cent.

At the same time, the bank reported a loss of Rs 455.4 crore for the fourth quarter, while for entire fiscal 2016-17 booked loss of Rs 1,372 crore.

## **2. 12 large NPA cases yet to come before IBBI, says M S Sahoo**

The 12 a/cs are led by SBI (6 of them), PNB, ICICI Bank, Union Bank, IDBI Bank & Corporation Bank

Press Trust of India

Insolvency and Bankruptcy Board of India (IBBI) Chairman M S Sahoo today said the 12 cases involving large non-performing assets (NPAs) or bad loans, identified for resolution under the Insolvency and Bankruptcy Code, are yet to come before the board.

The Reserve Bank's internal advisory committee had last week sent the list of 12 accounts to bankers for immediate reference under the Code.

The 12 large NPA cases are yet to come to IBBI for resolution and the banks have to first file the cases with the NCLT, Sahoo told reporters here.

Sahoo chairs the Insolvency and Bankruptcy Board of India (IBBI), which is implementing the Code.

Under the Code, banks have to approach the National Company Law Tribunal (NCLT) for resolution.

Once the cases are accepted, the resolution would take place in 180 days and the time limit could be extended provided there is a valid reason.

While noting that 100 NPA cases are being dealt with under the Code, Sahoo said the NCLT is equipped with capacity to handle more cases and dispose them of within the timeframe.

The IBBI chairman also said that he does not expect delay due to possible counter civil suits in the 12 large NPA cases.

The 12 accounts are led by SBI (six of them), PNB, ICICI Bank, Union Bank, IDBI Bank and Corporation Bank, according to bankers.

These accounts have an exposure of more than Rs 5,000 crore each, with 60 per cent or more classified as bad loans by banks as of March 2016.

The first set of six troubled accounts are Bhushan Steel (Rs 44,478 crore), Essar

Steel (Rs 37,284 crore), Bhusan Power and Steel (Rs 37,248 crore), Alok Industries (Rs 22,075 crore), Amtek Auto (Rs 14,074 crore) and Monnet Ispat (Rs 12,115 crore),  
a banker said.

According to RBI, these 12 accounts owe Rs 2.5 trillion (Rs 2.5 lakh crore) to the system, which constitute around 25 per cent of gross bad loans.

The other accounts named for bankruptcy action, according to bankers, include Lanco Infra (Rs 44,364.6 crore), Electro steel Steels (Rs 10,273.6 crore), Era Infra (Rs 10,065.4 crore), Jypae Infratech (Rs 9,635 crore), ABG Shipyard (Rs 6,953 crore) and Jyoti Structures (Rs 5,165 crore).

Financial Express

### **3. NPA resolution: PMO takes stock of progress**

The PMO today held a stock-taking meeting with officials of the ministries of finance and corporate affairs to review the progress in the resolution of NPAs

By: PTI

The Prime Minister's Office today held a stock-taking meeting with senior officials of the ministries of finance and corporate affairs to review the progress in the resolution of NPAs in the light of recent action taken by the Reserve Bank on stressed assets. Prime Minister's additional secretary P K Mishra had a review meeting on the resolution of non-performing assets (NPAs) or bad loans which have reached an unacceptably high level, sources said. It was a regular stocking meeting on issues related to NPA resolution, sources said, adding that various measures to tackle rising bad loans were discussed. The banking sector is saddled with NPAs of over Rs 8 lakh crore, of which Rs 6 lakh crore is on the books of public sector banks (PSBs).

Ministry of Corporate Affairs Secretary Tapan Ray, who also holds additional charge as secretary, Department of Economic Affairs, and Financial Services Secretary Anjuly Chib Duggal were among the senior officials present at the meeting. The discussions covered preparedness of institutional mechanism, including that of National Company Law Tribunal (NCLT), to handle the resolution process. It is expected that RBI is likely to come out with more measures to rein in NPAs and share a possible timeline to bring them down to the acceptable level. Reserve Bank of India last week identified 12 accounts for insolvency proceedings with each of them having over Rs 5,000 crore of outstanding loans, accounting for 25 percent of total NPAs of banks.

These 12 accounts, having NPAs of about Rs 2 lakh crore, would qualify for immediate reference under the Insolvency and Bankruptcy Code (IBC). The Reserve Bank had set up an Internal Advisory Committee (IAC), comprising a majority of its independent board members, to advise it with regard to the cases that may be considered for reference for resolution under the IBC. IAC, the apex bank said, arrived at an objective, non- discretionary criterion for referring accounts for resolution under the IBC. In particular, the IAC recommended for IBC reference of all accounts with fund and non-fund based outstanding amount greater than Rs 5,000 crore, with 60 percent or more classified as non-performing by banks as of March 31, 2016.

Economic Times

### **4. Bandhan Bank to open 160 branches more**

**BY** PTI

Bandhan Bank is targeting to open another 160 branches to reach the 1000-mark by the end of this financial year, Managing Director and Chief Executive Officer of Bandhan bank Chandra Shekhar Ghosh said today.

"We are planning to open more branches at different locations and reach the 1000-mark by the end of this financial year (2017-18)," Ghosh told reporters here today.

The bank currently has 840 branches spread across different states in the country.

The bank is also planning to introduce mutual fund and insurance service by this September, Ghosh said.

Meanwhile, Bandhan-Konnagar, a not-for-profit organization which is working in the sphere of education, health and women empowerment, today celebrated "Development Day" on completion of 17 years of its existence.

Besides Ghosh, British Deputy High Commissioner of Kolkata Bruce Bucknell and former CEO of Prasar Bharati Jawhar Sircar were present on the occasion.

Since 2001, the organisation has transformed lives of 1.7 million families spreading across 11 states of India -- West Bengal, Odisha, Bihar, Assam, Tripura, Jharkhand, Chhattisgarh, Madhya Pradesh, Telangana, Uttar Pradesh and Rajasthan.

So far, its various development programmes have benefited at least 8.5 million people. The organization has 735 branches spread across 10,356 villages; its 2,100 employees are actively involved in welfare of the poor as well as in the of education, health and women empowerment.

Business Line

## **5. Election of shareholder directors at SBI irks officers' body**

VINSON KURIAN

The All India Bank Officers' Confederation (AIBOC) has voiced concern over the recent election of shareholder directors to the central board of State Bank of India (SBI).

Sanjiv Malhotra, Pravin Kutumbe, Bhaskar Pramainik and Basant Seth were elected as shareholder directors at the elections held in Mumbai on June 15.

Earlier, SBI had announced that voters who could not come in person had the opportunity to provide a proxy, authorising someone to vote on behalf of him/her.

Anyone with more than 50 shares could vote, but AIBOC said it was unfortunate that SBI charged close to ₹13 lakh for a CD containing the voters list.

The last date for nomination was changed at the last minute thereby giving no time for campaign which put an individual at a disadvantageous position *vis-à-vis* the candidates backed by corporate houses.

The All India State Bank of India Officers' Federation (AISBOF) had fielded as candidate Amar Pal, its former president, a former general secretary of AIBOC, and a former director to the central board of SBI.

It had requested all office-bearers to collect proxy forms from officer members and staff and others who were shareholders.

AISBOF and AIBOC took the election as a challenge and went all out to contact shareholders from all walks of life, including friends, relatives, officers and award staff with SBI shares.

The election of Amar Pal could have been instrumental to safeguard the interest of all shareholders, including employees and officers working in SBI, the AIBOC said.

Moreover, the 'evil designs' of authorities to deprive the workforce in participating in the bank's functioning could well have been partially thwarted.

From its experience, AIBOC suggested to banks that voting should be done online so that it becomes a more democratic process.

It is unfortunate that the Centre directs institutional investors such as LIC, which has large number of shares, to vote for its favourite candidates. When it has its own nominees, it is not fair on the part of the Centre to do this to get favourites elected, the AIBOC said.

The laws need to be changed to provide for at least one shareholder director from individual shareholders, who constitute 6 per cent of SBI shareholders.

AIBOC said it will take up the issue with SEBI. It is clear from the results that corporate representatives have got the support of institutions and the Centre.

It also appealed to the Centre to respect the laws of the land and clear the appointment of officer/employee directors pending for years.

In fact, it does not have an officer-director or employee-director on the board of any banks. Despite its 'best and continuous efforts', the Centre has maintained an enigmatic silence in the matter.

## **6. For DCB Bank, self-employed is a 'priority segment'**

LN REVATHY

Self-employed persons who hitherto had difficulty in getting financial assistance from banks, now have an option in DCB Bank.

The bank, according to Praveen Kutty, Head of SME and Retail Banking business, is focussed on the self-employed segment.

Speaking to *Business Line*, he said 95 per cent of the bank's customers are self-employed and the bank does not go actively behind the salaried class.

"Self-employed persons such as traders, retailers, caterers, bakers, doctors, contractors, furniture makers, auto and scrap suppliers, tour operators, ticketing agents — the list is long — form the backbone of our country. They form the priority segment for us," he said.

So how does the bank reach out to such people? "We organise micro-marketing events at *mandisto* educate/sensitise people. In fact, over the last two-and-a-half months, we have been sensitising these self-employed persons about GST (Goods and Services Tax). These events are not for selling our products, but are quasi-voluntary work."

"We conduct skill-enhancement meetings on digitisation, financial empowerment, and so on, which help us build the bridge and get closer to the customer."

The bank has introduced NiYO 'smart' card, which is being used by many self-employed persons.

"An SME or MSME customer, for instance, will not want to put all the money into his business. We do risk-profiling, besides providing risk coverage as well for them. We have the ability to underwrite customers," Kutty said.

When asked to elaborate, he said: "Consider a seller of *vada pav*. He probably will have maximum number of customers between noon and, say, 3 pm. He has an account with the bank, but will probably not put all his collections into the bank. Our underwriter will do a visual check; the margin on *vada pav* is roughly 60 per cent. We do a lot of texture-based lending. That's our speciality."

The bank, he said, is growing at 26 per cent year-on-year, consequent to rapid expansion of its branch network from 2015. It has, in the last two years, expanded its network to 262 branches from 85.

With kind regards,

Yours Comradely,



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