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Dear Comrades,

6th March , 2017

News of Interest 6th MAR

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Business Standard

1. After 5 yrs, SBI to charge for breach of minimum balance from April

The charges and MAB varies according to the location of bank

[Press Trust of India](#)

After a gap of five years, [State Bank of India](#) has decided to reintroduce penalty on non-maintenance of minimum balance in accounts from April 1, and revised charges on other services, including ATMs.

The country's largest bank will permit savings bank account holders to deposit cash three times a month free of charges and levy Rs 50 plus service tax on every transaction beyond that.

In case of current account, the levy could go as high as Rs 20,000.

As per the list of revised charges of SBI, failure to maintain Monthly Average Balance (MAB) in accounts will attract penalty of up to Rs 100 plus service tax.

In metropolitan areas, there will be a charge of Rs 100 plus service tax, if the balance falls below 75 per cent of the MAB of Rs 5,000. If the shortfall is 50 per cent or less of the MAB, then the bank will charge Rs 50 plus service tax.

The charges and MAB varies according to the location of bank. It is minimum in case of rural branches.

A senior SBI official said the bank had suspended levying charges on breach of minimum balance requirements in 2012 to acquire new customers.

The charges are now being reintroduced from April 1.

The Reserve Bank has permitted banks to levy charges for breaching minimum balance limit.

Withdrawal of cash from ATMs will attract a charge of up to Rs 20 if the number of transactions exceeds three from other bank's ATMs in a month and Rs 10 for more than five withdrawals from SBI ATMs.

However, SBI will not levy any charge on withdrawals from its own ATMs if the balance exceeds Rs 25,000. In case of other banks' ATM there will be no charge if the balance exceeds Rs 1 lakh.

SBI will charge Rs 15 for SMS alerts per quarter from debit card holders who maintain average quarterly balance of up to Rs 25,000 during the three months period.

There will be no charge for UPI/ USSD transactions of up to Rs 1000.

Financial Express

2. NPAs at record high: PAC for naming and shaming defaulters

As NPAs of public sector banks soared to a staggering Rs 6.8 lakh crore, the chairman of a key Parliamentary panel today favoured naming and shaming corporate houses which default on repayment of bank loans

By: PTI

As NPAs of public sector banks soared to a staggering Rs 6.8 lakh crore, the chairman of a key Parliamentary panel today favoured naming and shaming corporate houses which default on repayment of bank loans. Public Accounts Committee (PAC) chief K V Thomas hopes "naming and shaming" such corporate houses may help financial institutions get back their money.

Out of the Rs 6.8 lakh crore of Non-Performing Assets of public sector banks, a whopping 70 per cent are those of big corporate houses, Thomas said, adding hardly one per cent of it constitutes loans to farmers.

"In case of farmers or small traders, banks act strong and they go to their houses to recover money. They even get published their name and photograph in newspapers. But when it comes to corporate houses, they don't reveal the names.

"We intend to give names of such big defaulters who owe money to banks in our reports to be submitted in Lok Sabha before the end of budget session," he told PTI.

The five-week-long second half of the budget session is scheduled to begin from March 9. The PAC has suo motu chosen to examine the issue of bad loans of public sector banks as these were rising and needed to be checked, he said.

"We have met Chairmen and Managing Directors (CMDs) of a few public sector banks, including Indian Overseas Bank, Indian Bank and Allahabad Bank, among others, to discuss the issue. We plan to meet other CMDs too," he said.

Thomas said the banks have told the Committee that big corporate houses had taken loans for various infrastructure related works in sectors like civil aviation, energy and road construction, among others.

"Banks need to answer as to what was the guarantee taken by them before giving such big amounts as loan to corporate houses and what action is being taken by them. The rise in bad loans worries me. "We will be giving our detailed report on NPAs to Parliament. The report is likely to be submitted before the end of the budget session," he said.

As of September 30, 2016, the NPAs declared by various scheduled commercial banks stood at a stupendous Rs 6,65,864 crore, according to the government's reply in the Rajya Sabha last month.

According to the Finance Ministry data, the NPAs of the country's largest lender State Bank of India is Rs 97,356 crore, followed by Rs 54,640 crore of Punjab National Bank and Rs 44,040 crore of Bank of India.

Bank of Baroda has NPAs of Rs 35,467 crore, Canara Bank Rs 31,466 crore, Indian Overseas Bank Rs 31,073 crore, Union Bank of India Rs 27,891 crore, IDBI Bank Limited Rs 25,973 crore, Central Bank of India Rs 25,718 crore, Allahabad Bank Rs 18,852 crore and Oriental Bank of Commerce Rs 18,383 crore.

3. Finance Ministry gives in-principle nod to ESOPs by PSU banks

Finance Ministry has agreed in-principle to allow public sector banks to offer stock options to their employees from next fiscal -- a move aimed at retaining experienced hands with better incentives.

By: PTI

Finance Ministry has agreed in-principle to allow public sector banks to offer stock options to their employees from next fiscal — a move aimed at retaining experienced hands with better incentives. According to sources, Employee Stock Option plans (ESOPs) could be given by those banks which have not only earned substantial profit but also made remarkable improvement in managing NPAs.

It will help motivate employees to work towards strengthening the financial status of their banks so that their share value rises, sources said.

Although the Finance Ministry has given in-principle nod, the finer details are being worked out like what percentage of profit can be earmarked for ESOPs, sources said, adding, this is based on the suggestion of Banks Board Bureau (BBB).

One of the proposals is to issue shares equivalent to a certain percentage of banks' net profit to employees which is being examined.

For large banks, the ESOPs could be as much as 5 per cent of profit after tax while for the smaller ones, it could be about 3 per cent but no decision has been taken yet, sources said.

Apart from ESOPs, bonuses and other performance-linked packages are also being discussed as suggested by BBB, sources added.

ESOPs are common in the private sector, where companies offer stocks to reward and retain key and top-performing employees.

Since the employees stand to benefit from any appreciation in stock price, ESOPs also help in aligning the interests of the employees with those of shareholders.

Earlier in January, BBB chief Vinod Rai had said the compensation package across the board of public sector banks needs to be improved.

"Maybe we are not able to do much with the fixed part of compensation package but variable part we are hopeful that in the next financial year we will be able to introduce a far more attractive package which will have bonuses, ESOPs and other performance linked incentives as part of the package," he had said.

It can be monetary or non-monetary benefits to make it more attractive for professionals to enter public sector banking space, he had said.

Last year, the then RBI Governor Raghuram Rajan also made a case for offering ESOPs to bank staff.

"With public sector banks' shares trading at such low levels, a small allocation to employees today may be a strong source of motivation, and can be a large source of wealth as performance improves," Rajan had said.

Economic Times

4. HDFC Bank launches chatbot Eva for customer services

By PTI

HDFC Bank BSE -0.22 % today announced the launch of an electronic virtual assistant (EVA), an artificial intelligence-driven chatbot, for customer services.

Eva is India's first AI-based banking chatbot and can answer millions of customer queries across multiple channels instantly, HDFC Bank said in a statement.

Eva can assimilate knowledge from thousands of sources and provide answers in simple language in less than 0.4 seconds, it said.

"Within the first few days of its launch, Eva has answered over 1 lakh queries from thousands of customers from 17 countries across the globe," it claimed.

With the launch of Eva, it said, bank's customers can get information on its products and services instantaneously and it also becomes smarter as it learns through its customer interactions.

Going forward, Eva would be able to handle real banking transactions as well, which would enable HDFC Bank to offer the true power of conversational banking to its customers, it added.

Business Line

5. Lenders to auction two Kingfisher Airlines properties on Monday

PTI

Kingfisher Airlines' two prime assets, Kingfisher House in the city and Kingfisher Villa in Goa, will be auctioned tomorrow by banks to recover their loans to the long-defunct airline started by businessman Vijay Mallya.

While Kingfisher House will be put under the hammer for the fourth time after three failed attempts, Kingfisher Villa is being put on sale for the third time.

The reserve prices for both the properties owned by Mallya have been lowered after the earlier attempts of the 17-lender consortium failed to attract bidders.

The SBI-led consortium has reduced the reserve price of the erstwhile headquarters of the grounded airline, Kingfisher House, by 10 per cent to Rs. 103.50 crore as compared to Rs. 115 crore for the previous auction held last December.

In the first auction of Kingfisher House last March, the reserve price was set at Rs. 150 crore, but was lowered to Rs. 135 crore in the second auction held in August as none of the bidders came forward to buy the property.

The prime property has a built-up area of over 17,000 sq ft and is located in the plush Vile Parle area near the domestic terminal.

Similarly, the reserve price of Kingfisher Villa, the plush property situated at Condolim in north Goa is set at Rs. 73 crore, which is around 10 per cent down on the price quoted in the second auction held last December.

In the December auction, the price of the sea-facing property was set at Rs. 81 crore. It was put under the hammer for the first time last October with a reserve price of Rs. 85.29 crore.

The villa was once used by Mallya to host lavish parties.

SBICAPS Trustee is auctioning the properties on behalf of the lenders.

Mallya has been declared a wilful defaulter and is wanted by Indian authorities for default in payment of loans related to Kingfisher Airlines that was grounded in 2012.

He owes over Rs. 9,000 crore to lenders including SBI, PNB, IDBI Bank, BoB, Allahabad Bank, Federal Bank and Axis Bank, among others. He left the country on March 3 last year and is currently said to be in the UK.

On Friday, Mallya, in a series of tweets, blamed faulty engines as one of the reasons for the collapse of Kingfisher Airlines.

He said IAE, a group firm of Pratt & Whitney, against which aviation regulator DGCA has ordered a detailed inspection, has been sued for supplying defective engines to his erstwhile airlines.

Aviation regulator DGCA recently ordered a detailed inspection of 21 Airbus 320 neo planes of IndiGo and GoAir that are equipped with P&W engines, which are facing frequent glitches.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY