



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,

23rd March , 2017

News of Interest 23rd MAR

MOTIVATIONAL QUOTES

“YOU CAN'T CROSS THE SEA MERELY BY STANDING AND STARING AT THE WATER. “
RABINDRANATH TAGORE

HIGHLIGHTS

- 1. LESS THAN 2% LOAN RECOVERED FROM WHAT MALLYA OWES TO BANKS**
- 2. CAP ON CORPORATE FUNDS FOR POLITICAL PARTIES GOES**
- 3. GOVERNMENT INFUSES RS 1,100 CAPITAL INTO INDIAN OVERSEAS BANK**
- 4. IS AADHAAR SET TO BECOME THE PRIMARY ID?**
- 5. APPOINTMENT OF DIRECTORS IN BANKS TO BE STREAMLINED**
- 6. AXIS BANK DISMISSES NEWS OF MD & CEO SHIKHA SHARMA'S RESIGNATION**

Business Standard

1. Less than 2% loan recovered from what Mallya owes to banks

Banks had reported Rs 8,191 crore as loan outstanding against Mallya as on December 31, 2016

Press Trust of India

Public sector banks have been able to recover only a fraction of the more than Rs 8,000 crore loan outstanding against embattled businessman Vijay Mallya, Parliament was informed on Tuesday.

Banks had reported Rs 8,191 crore as loan outstanding against Mallya as on December 31, 2016, Minister of State for Finance Santosh Kumar Gangwar said in a written reply in the Rajya Sabha.

"As reported by PSBs, amount of Rs 155 crore has been recovered by conducting online mega auction by selling from seized properties from defaulting loan borrower Vijay Mallya," Gangwar said.

He was responding to a question about outstanding loan dues against Mallya and recovery actions being taken.

Banks take all efforts including sale of assets to recover their dues, the minister said.

The loan resolution and recovery is guided by RBI and banks' board approved policy, Gangwar added.

Mallya is currently living in the UK, evading arrest in cases related to loan defaults in India. Various agencies have issued summons to him.

Following requests from the Finance Ministry, the Ministry of External Affairs has also revoked his passport.

2. Cap on corporate funds for political parties goes

Source of money for political entities widened; Lok Sabha passes Finance Bill

|

Dilasha Seth

Harmonising efforts to curb flow of cash and unaccounted money into the political system, Parliament on Wednesday approved the government's proposal to relax conditions for contributions made by corporate entities. This will also facilitate the broadening of political funding channels.

Besides removing the cap for contributions, companies will also be allowed to keep the names of political parties confidential in their accounts. The move was proposed as part of the amendments to the Finance Bill, 2017, by the government.

The Bill was passed by the Lok Sabha on Wednesday. This effectively means that Parliament has passed the Bill. The Rajya Sabha does not have any power to reject a money Bill.

Till now, corporate entities could contribute only 7.5 per cent of average net profit in the past three financial years. This cap has been removed, allowing free flow of funds to political parties. For this, provisions of the Companies Act will be amended as part of the Finance Bill.

Besides, another provision in the Companies Act would be amended to do away with the current requirement to disclose the names of beneficiary political parties in companies' profit and loss statements. The amount of donation, however, still needs to be disclosed.

"The move is aimed to curb unaccounted money flowing into the political system. It will enable companies to make donations without any limitations, like it is in case of developed countries. With this, the government is encouraging the flow of accounted money in the political system," said Neeru Ahuja, partner, Deloitte Haskins and Sells.

Rahul Garg, leader — direct taxes, PwC, said it was a good move as it encouraged accounted donations. "The attempt is to move away from cash. All efforts, including electoral bonds and curbing cash donations over Rs 2,000, are a move in that direction," he said.

According to the Companies Act, the board of a company has to approve the contribution to be made through a resolution.

The expenditure incurred, directly or indirectly, by a company in publication, a souvenir, journal, or a pamphlet on behalf of a political party would be construed as a contribution.

Flouting the Companies Act provisions attracts a fine of less than five times the amount contributed and every officer in default is liable to up to six months' imprisonment and a fine of five times of the amount contributed.

Union Finance Minister Arun Jaitley, had in the Budget, announced a 90 per cent cut in the limit for cash donations to Rs 2,000 from Rs 20,000 earlier. Political parties would now have to disclose the identity of the donor in case of any donation above Rs 2,000 in cash. The parties were so far allowed to receive anonymous donations up to Rs 20,000.

The move was in response to the Election Commission asking the government to bring down this limit of anonymous donation.

Through the Finance Bill, the government also announced the concept of electoral bonds, where a donor could purchase bonds from authorised banks against cheque and digital payments only. These will be redeemable only in the designated account of a registered political party.

3. Government infuses Rs 1,100 capital into Indian Overseas Bank

Will support Bank's turn around plan, says officials

T E Narasimhan

Chennai-based Indian Overseas Bank (IOB), going through a tough time due to increase in non-performing assets, is to get Rs 1,100 crore from the Government of India, the major shareholder.

This comes after the bank achieved the parameters set by the government as part of a turnaround-linked capital infusion plan; the ministry of finance has sent the communication, said IOB sources. The bank was expecting Rs 1,550 crore from the Centre but the amount got reduced after some of the capital was redistributed to IDBI.

The government has acknowledged that the bank is taking the right steps, having put in place the right strategies to turn around the institution. That is why they have allocated the additional capital, said an official.

IOB's net loss in 2015-2016 was Rs 2,897 crore. The net loss during the nine months ended December 31 was Rs 2,770 crore.

The government had set five parameters for further capital infusion. These include cash recovery -- four times more than the target given. The risk weighted assets target set was a maximum of 110.42; IOB achieved 108.25. The gross profit to advances targets was also achieved.

The official added with the new Rs 1,100 capital, the bank could do an additional Rs 11,000 crore of business. The capital adequacy ratio is currently above the mandated percentage; as the business expands, it will come down slightly; the infusion will help to achieve the mandate before end-March.

Business Line

4. Is Aadhaar set to become the primary ID?

TINA EDWIN

The government seems set to make the Aadhaar number issued by the Unique Identification Authority of India the primary identification number for all citizens of the country for not just delivery of services and benefits but also to keep track of financial transactions of each individual and curb tax evasion.

This is apparent from the various measures that the government has taken so far or had proposed much before it moved an amendment to the Finance Bill to make quoting of Aadhaar number mandatory for filing tax returns and applying for new permanent account number.

To phase out PAN?

At this stage, there is no indication whether the government will propose to phase out the PAN altogether in the long term.

In his 2017-18 Budget speech on February 1, Finance Minister Arun Jaitley said that steps would be taken to link individual demat accounts with Aadhaar.

He had also stated that Aadhaar-based smart cards with health details would be introduced for senior citizens. A beginning was to be made with a pilot in 15 districts during 2017-18.

The government has also said that it would encourage banks to introduce 20 lakh Aadhaar-based point-of-sale (POS) terminals by September 2017, as part of the Aadhaar-enabled payment system.

In this effort, the rollout of Aadhaar Pay, an alternative to card-based payment and mobile wallets, has already begun.

The government has also been nudging banks to seed all accounts with the Aadhaar number as part of the KYC (know your customer) requirement.

In his 2015-16 Budget speech, the Finance Minister had said that a social security platform would be developed using Aadhaar to accurately target beneficiaries.

Such platform would help the government plug leakages and misappropriation of subsidies.

Aadhaar is already being used to transfer a lot of benefits not just to adults but also to children enrolled in schools.

Earlier this year, the Supreme Court had allowed the government plea to verify identity for mobile telephone numbers with users' Aadhaar numbers.

This was done to weed out fake users as well as make mobile phones more secure for the payment system.

5. Appointment of directors in banks to be streamlined

K RAM KUMAR

The Banks Board Bureau has embarked on an exercise to evolve a methodology for appointment of whole-time directors on the boards of public sector banks and financial institutions.

This move comes in the backdrop of these financial intermediaries facing serious challenges on the bad loans front, which in turn is undermining their profitability.

Through the methodology, the Bureau will try to ensure that whole-time directors such as Managing Director & Chief Executive Officer and Executive Director to be appointed in the future at these institutions have the requisite skill sets to lead as well as nurse them back to health.

The Bureau may seek the assistance of management consulting firms in developing a methodology for whole-time director (WTD) appointments, said a senior public sector bank official.

Besides, the Bureau is also looking to help banks develop a robust leadership succession plan for important positions, such as credit, recovery, risk management, and human resources.

According to S Ravi, practising chartered accountant, the decision to appoint a WTD should be based on the requirement of each bank.

"For example, a person with experience in asset resolution should be appointed WTD of a bank with high level of bad loans.

"Also, prior experience as head of a bank's subsidiary would prove useful when conducting board meetings," he said. The six-member BBB, which started functioning from April 1, 2016, was set up by the government to improve governance in public sector banks.

It is tasked with the responsibility of recommending for selection heads of public sector banks and financial institutions and help banks develop business strategies and capital-raising plans

In FY17, the BBB, which is headed by former Comptroller and Auditor General Vinod Rai, made its recommendations for three vacancies of MD and CEO in PSBs — Pawan Kumar Bajaj (United Bank of India), Ravindra Prabhakar Marathe (Bank of Maharashtra), Suresh N Patel (Andhra Bank).

It also recommended a candidate (Dinesh Kumar Khara) for an MD vacancy in State Bank of India.

Further, the BBB recommended 18 candidates for ED level vacancies in PSBs for 2016-17.

6. Axis Bank dismisses news of MD & CEO Shikha Sharma's resignation

OUR BUREAU

Axis Bank has termed news appearing in a section of social media about the impending resignation of Managing Director and Chief Executive Officer Shikha Sharma as false and speculative.

The private sector bank, in a stock exchange notice, said "the news...is being circulated with the malafide intention of misleading investors and the general public."

There are also reports that Kotak Mahindra Bank and Axis Bank have initiated merger moves.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)
GENERAL SECRETARY**