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**Dear Comrades,**

**3rd May , 2017**

**News of Interest 3rd MAY**

**MOTIVATIONAL QUOTES**

**“WE AIM ABOVE THE MARK TO HIT THE MARK. “**  
**RALPH WALDO EMERSON**

**HIGHLIGHTS**

- 1. BANK WAGE TALKS BEGIN; MANagements YET TO MAKE OFFER**
- 2. 23 ARCS SNAP UP RS 2.44 LAKH CRORE BAD LOANS FROM BANKS SO FAR**
- 3. BANK ACCOUNTS TO BE BLOCKED: FULL IMPACT OF FATCA TO BE KNOWN ON TUESDAY**
- 4. KOTAK MAHINDRA BANK BETS ON ‘811’ TO DOUBLE ITS CUSTOMER BASE IN TWO YEARS**
- 5. INDIAN BANK TO RAISE RS 5,000 CR TO FUND INFRA, HOUSING**
- 6. 10 BANK OFFICIALS ARRESTED IN RS 6-CRORE FRAUD CASE**

Business Standard

**1. Bank wage talks begin; managements yet to make offer**

Banking union sources said there was a meeting on 11th bipartite wage revision

Abhijit Lele

Wage negotiations between bank employees and managements got off the ground with an aim to finalise the package by October-end.

United Forum of Bank Unions (UFBU) is representing officers, employees, and staff organisations. Indian Banks’ Association (IBA) is representing bank managements.

Banking union sources said there was a meeting on 11th bipartite wage revision. While unions have already submitted a summary of demands, IBA may place its offer in 7-10 days.

Sanjeev K Bandlish, convenor, UFBU, will lead the team from workers' side. From bank managements' side, a panel of bankers headed by R K Takkar, managing director and chief executive officer (MD and CEO) of UCO Bank will carry on negotiations. Other members of IBA panel include Usha Ananthasubramanian, MD and CEO of Punjab National Bank; Shyam Srinivasan, MD and CEO of Federal Bank; and P S Jayakumar, MD and CEO of Bank of Baroda.

Most public sector banks including State Bank of India have given board-approved mandate for talks. With many state-owned banks reeling under losses due to loan-loss provisions, the scope for meaningful improvement over last wage settlement is limited.

The term for industry-wide wage pact ends in October. The last negotiation, pending since 2012, was settled in May 2015, with 15 per cent hike.

## **2. 23 ARCs snap up Rs 2.44 lakh crore bad loans from banks so far**

Resource constraints at ARCs is also another prime reason for the dip in the sales

Press Trust of India

Banks have sold Rs 2.44 trillions of bad loans to 23 asset reconstruction companies (ARCs) and despite a surge in stressed assets to around 15 per cent, there was a slowdown in transactions in recent months, says a report.

"Around Rs 2.44 trillion worth of gross NPAs have been sold to ARCs till now," the report by industry lobby Assocham and Edelweiss ARC said on Tuesday.

Even as opportunities are huge-the report has estimated total stock of stressed assets in the system at 15 per cent or Rs 11.80 trillion -- the pick-ups by ARCs have suffered since 2015-16, it said.

High incidence of stressed assets, which includes 9.84 per cent gross NPAs and 4.2 per cent in restructured assets, is a "matter of concern for the economy", the report said.

One of the reasons for the slowdown is the price mismatch between the expectation of ARCs and the banks under the 15:85 structure, where banks are paid 15 per cent of the agreed amount on an asset in cash and the rest is paid later through security receipts, it said.

Resource constraints at ARCs is also another prime reason for the dip in the sales, it said.

The number of ARCs kept mushrooming with a complete liberalisation on foreign holding caps and have now touched 23, it said.

It said there has been a surge in capital among ARCs and several new high profile players are expected to commerce business in fiscal 2018.

The report also called for a level-playing field for ARCs with banks when it comes to converting debt into equity and incentives for banks to sell dud loans to ARCs so that an ARC can aggregate the entire stock quickly.

## **3. Bank accounts to be blocked: Full impact of FATCA to be known on Tuesday**

This would only be after banks across the country commence functioning on May 2

IANNS

The full impact of bank accounts getting blocked due to non-compliance with the Foreign Account Tax Compliance Act (FATCA) will be known on Tuesday or Wednesday, said a banker in a government-owned bank.

This would only be after banks across the country commence functioning on May 2 after the May Day holiday on Monday.

"Today (Monday) is a holiday in some states due to May Day and the headquarters of most of the banks are located in those states," he told IANS preferring anonymity.

According to him, whether the bank's software would automatically block a FATCA non-compliant account or it has to be done manually would be known on Tuesday.

Another banker with a government bank said the bank's software does not automatically block a non-compliant account. "We are waiting for instructions," he added.

The Central Board of Direct Taxes (CBDT), in a statement issued earlier, had said account holders of banks, mutual funds and National Pension Schemes (NPS) would have to be informed that their accounts would be blocked if self-certifications were not submitted by April 30, 2017.

In other words, a bank account holder or a mutual fund investor will not be able to operate their accounts like withdrawals, selling of units and the like.

### **What is FATCA?**

"FATCA is a unique piece of legislation enacted in the US which requires financial institutions (FIs) to provide information about account holders who are US persons to the Internal Revenue Service (IRS)."

"Non-compliant FIs are liable to a punitive withholding tax of 30 per cent of their US sourced income," Rahul Jain, Partner, Nangia and Co, an international tax advisory and accounting firm, told IANS.

"The agreement is reciprocal in nature and allows for India to receive tax information in respect of its own residents," he said.

"The FATCA agreement will, therefore, allow for exchange of information between the two countries and will help considerably in detection of unaccounted money held by US persons in India and vice versa," he added.

Under Indian Income Tax rules, financial institutions have to obtain self-certification and carry out due diligence in respect of all individual and entity accounts opened between July 1, 2014, and August 31, 2015.

The last date for submission of self-certification ended on April 30, 2017.

Jain said the FATCA agreement can have serious implications for Non-Resident Indians (NRIs) who qualify to be US persons.

"Such NRIs need to be mindful that the accounts they hold in India with Indian FIs are duly reported in the US. The information concerning these accounts will now be shared with the IRS and any non-reporting may entail serious consequences for the NRIs under the US tax regulations," he added.

Indian resident taxpayers holding assets in the US will also be impacted.

The agreement with the US is reciprocal and will result in the US providing India with information regarding accounts or assets held by Indian persons in the US.

This information would provide more teeth to the Indian tax authorities in detecting assets held by Indian taxpayers in the US.

Together with the Black Money Law 2015, this could have serious ramifications for Indian residents who may not have reported such assets to the Indian tax authorities, Jain said.

According to Jain, any organisation or individual who has not been able to submit its or his FATCA self-declaration by the deadline of April 30 could make such declaration now and ask for his account with the Indian FI to be unblocked or de-frozen.

"While mutual funds have asked the investors to subject the self-certification form online, the problem may be for NPS account holders who have to go to the registrar office personally," Jayant Pai, Head-Marketing, PPFAS Mutual Fund, told IANS.

"We have reached out to our investors well in advance to be FATCA-compliant and there will not be much impact on our investors. On the other hand, banks and large mutual funds may face some problems going by the sheer size of their numbers," Pai added.

"Mutual Funds will continue to earn their fund management charges even if an account is blocked," he added.

Financial Express

#### **4. Kotak Mahindra Bank bets on '811' to double its customer base in two years**

Kotak Mahindra Bank (KMB) today said the newly launched 811 digital banking platform has received huge response and the service would help the bank in doubling its customer base in the next 18 to 24 months

**By: [PTI](#) |**

According to a senior KMB official, the 811 banking platform, which allows customers to do various banking activities through the mobile App, would serve as the "primary vehicle" to double the existing customer base. (Reuters)

Kotak Mahindra Bank (KMB) today said the newly launched 811 digital banking platform has received huge response and the service would help the bank in doubling its customer base in the next 18 to 24 months. According to a senior KMB official, the 811 banking platform, which allows customers to do various banking activities through the mobile App, would serve as the "primary vehicle" to double the existing customer base.

"As against last year, we are seeing a growth of 143 per cent in our digital transactions this year. It shows that India is convincingly moving towards a digital economy after Centre's demonetisation decision in November last year," said Ambuj Chandna, Head-Retail Liabilities, Investments & Payment Products.

"From the current 8 million customers, we are now eyeing to double our customer base to 16 million in the next 18 to 24 months. And, 811 service, which was launched one month ago, will be the primary vehicle to do that journey" Chandan told reporters here. He said that 811, inspired from the November 8, 2016 note-ban

decision, allows customers to open a zero balance account using the bank's mobile application.

According to Chandan, there is clear shift in the way people are using their bank accounts after demonetisation last year. "In many ways, India is becoming less cash and more digital. 52 per cent of our customers use computers or mobile phones for doing transactions. "Out of them, 54 per cent only used mobile phones and never visited our bank branches," he said.

Majority of the new customers who are opening 811 bank accounts are below 40 years of age.

## **5. Indian Bank to raise Rs 5,000 cr to fund infra, housing**

Public sector lender Indian Bank will raise Rs 5,000 crore to support loans for infrastructure as well as affordable housing

By: PTI

Public sector lender Indian Bank will raise Rs 5,000 crore to support loans for infrastructure as well as affordable housing. The bank's board of directors will take up the proposal to raise money at its meeting to be held next week.

"A proposal for issue of long term bonds for financing of infrastructure and affordable housing up to an amount of Rs 5,000 crore will be taken up for approval...on May 5, 2017," Indian Bank said in a regulatory filing.

Providing affordable housing is one of the ambitious projects of the government, 'Housing for All by 2022'. Boosting infrastructure is another key area that has been accorded key priority. The bank's stock closed 0.49 per cent up at Rs 320 on BSE

Economic Times

## **6. 10 bank officials arrested in Rs 6-crore fraud case**

**BY** PTI

Ten officials of Indian Overseas (IOB), two of them retired, were today arrested in an alleged Rs 6-crore fraud case, police said.

The officials, posted in different branches of the public sector bank in the city, have been accused of defrauding the Hyderabad Metropolitan Development Authority (HMDA) through fraudulent withdrawal of over Rs 6 crore.

The arrested accused include Senior Manager of Mehdipatnam Branch T Sreenivasa Rao, G Manjula, Assistant Manager of Adarsh Nagar Branch, Ravichandra, Assistant Manager of Chikkadpally branch, P Bala Krishna, V Rama Chary Padma Nabhan (both retired Assistant Managers).

The others are T K Bayamma, N Krishna, Malini Narasimhan, K Radhika and R V Pandu Ranga Sarma (all clerks), the police said in a release tonight.

The bank officials fraudulently passed, cleared or altered cheques of HMDA in connivance with the prime accused Lunavath Shankar Naik and other accused Y Vijay Mohan Krishna and Raju Ahmed. All three were arrested in March, it said.

According to the police, the accused defrauded HMDA during 2008-2016 by forging cheques issued in favour of a private security agency, Sai Security Services.

HMDA authorities had issued 55 cheques, to the tune of Rs 76,67,735, in the name of Sai Security for their services to the state-run body.

But Naik, in connivance with Mohan Krishna, an audit officer in HMDA, and Ahmed, opened fake account in the name of Sai Security Services. They altered some of the cheques issued by HMDA and swindled an amount of Rs 6.03 crore in connivance with the arrested IOB employees (both serving and retired), the release added.

They were booked on charges of cheating and forgery, among others under IPC, and placed under arrest, the police added.

## **7. RBL Bank Q4 profit jumps 55% on income growth**

### OUR BUREAU

RBL Bank reported a 55 per cent jump in net profit for the fourth quarter ended March 31, powered by robust growth in net interest income and other income.

The private sector bank logged a net profit of ₹130 crore in the reporting quarter as against ₹84 crore in the year-ago period. The bottomline had grown despite provisions on advances and others jumping to ₹82 crore (₹38 crore in the year-ago quarter).

For the full financial year ended March 31, net profit was up 53 per cent at ₹446 crore (₹292 crore in FY2016).

The board of directors recommended a final dividend of ₹1.80 per equity share (or 18 per cent).

In the reporting quarter, net interest income (the difference between interest earned and interest expended) rose 47 per cent at ₹353 crore (₹240 crore in the year-ago period).

Other income, which includes loan processing charges, commission on letter of credit/ bank guarantee, foreign exchange income and cross-selling, soared 66 per cent at ₹237 crore (₹143 crore). The net interest margin improved to 3.52 per cent in the reporting quarter as against 3.21 per cent in the year-ago period.

Deposits were up 42 per cent year-on-year (y-o-y) to ₹34,588 crore as at March-end 2017. Advances rose 39 per cent y-o-y to ₹29,449 crore.

Gross non-performing assets to gross advances nudged up to 1.20 per cent from 0.98 per cent.

Rajeev Ahuja, Executive Director, said: "The model involving people and processes that we have set in place is allowing us to grow in a moderate or tepid environment. The retail book (both rural and non-rural) has grown as much as wholesale (in percentage terms)."

With kind regards,

Yours Comradely,



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

