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Dear Comrades,

4th October , 2017

News of Interest 4th OCT

### MOTIVATIONAL QUOTES

“A SATISFIED CUSTOMER IS THE BEST BUSINESS STRATEGY OF ALL. “  
MICHAEL LEBOEUF

### HIGHLIGHTS

1. VIJAY MALLYA HELD IN UK IN MONEY LAUNDERING CASE, GETS BAIL
2. SUSPENSE CONTINUES OVER NEXT SBI CHIEF
3. ASHOK LAVASA: ON WHY BANKERS HAVE BEEN BULLISH ON LENDING TO RISKY PROJECTS, NOT ON FINDING SOLUTIONS
4. RESERVE BANK OF INDIA OPENS BRANCH IN DEHRADUN
5. IOB WAIVES PROCESSING FEE ON VEHICLE, HOME LOANS
6. UNIONS SAY NO TO LINKING PSB PAY TO PRODUCTIVITY

### Business Standard

#### 1. Vijay Mallya held in UK in money laundering case, gets bail

ED had filed fresh affidavit under Prevention of Money Laundering Act (PMLA)

[Press Trust of India](#)

Beleaguered liquor baron Vijay Mallya was arrested here on Tuesday in a money-laundering case filed by the Enforcement Directorate (ED), before being released on bail by the Westminster Magistrates' Court.

The 61-year-old flamboyant businessman, already out on bail on an extradition warrant executed by the Metropolitan Police earlier this year, was released on the same bail conditions as before to appear for his trial on December 4.

Outside the court room, Mallya said he had “done nothing wrong” and described the allegations against him as “fabricated”. “I deny all allegations that have been made and I will continue to deny them,” he said. “I have not eluded any court. If it is my lawful duty to be here, I’m happy to be here,” he said.

"I've given enough evidence to prove my case," he added.

The judge, Chief Magistrate Emma Louise Arbuthnot, said Mallya had been freed on the "same bail conditions as before" which he must abide by.

Earlier, the UK's Crown Prosecution Service (CPS), which is arguing the case against Mallya on behalf of the Indian government, had confirmed the arrest.

"Vijay Mallya has been arrested on money laundering charges and will be appearing in court today," a CPS spokesperson said.

Sources in New Delhi said the arrest was pursuant to the extradition request made by the Indian government based on money laundering charges against Mallya.

The case is being probed by the ED, and the central probe agency has already filed a charge sheet against him and others in a Mumbai court.

Arbuthnot has been hearing Mallya's extradition case at the Westminster Magistrates' Court on his previous arrest warrant executed by Scotland Yard in April.

He had been arrested by Scotland Yard on an extradition warrant on behalf of the Indian authorities on April 18.

He had attended a central London police station for his arrest and was released on conditional bail a few hours later after providing a bail bond worth 650,000 pounds, assuring the court of abiding by all conditions associated with extradition proceedings, such as the surrender of his passport and a ban on him possessing any travel documents.

Mallya's trial in that case is scheduled for two weeks, starting December 4.

## **2. Suspense continues over next SBI chief**

Incumbent Arundhati Bhattacharya set to retire on Friday

[Abhijit Lele](#) | Mumbai

State Bank of India Chairman Arundhati Bhattacharya will hang up her boots on Friday on completion of her term. But, there is little clarity on who will succeed her, especially at a time when India's largest lender is in the midst of a transition — the merger of its associate banks.

The Banks Board Bureau (BBB) had interviewed four managing directors for the post at the end of June and had recommended a name to the government. The BBB, however, did not put the name of the recommended person on its website.

Another crucial post that remains vacant is that of a deputy governor at the Reserve Bank of India (RBI). Conventionally, a senior commercial banker is picked for the post, who predominantly focuses on supervision of financial sector players. S S Mundra, who worked in this capacity, retired at the end of July. The government has conducted interviews but is yet to announce a name for this post.

Last year, the government had extended Bhattacharya's tenure for a year, with effect from October 7, 2016.

B Sriram, the senior-most managing director at SBI, along with fellow MDs Rajnish Kumar, P K Gupta, and Dinesh Kumar Khara had been interviewed by the BBB. Of them, Gupta and Khara have relatively longer tenures left with the bank. Both Kumar and Sriram are due to retire in 2018.

Bankers said SBI has been without a full-time chairman in the past as well. After A K

Purwar retired in 2006, Tara Shankar Bhattacharya, an MD with the bank, was made the chairman in-charge for one month. Then, O P Bhatt became full-time chairman for a five-year period.

After Bhatt retired in 2011, the interim charge of the bank was given to R Sridharan, another MD. Then, Pratip Chaudhary was appointed full-time chairman.

The lender's performance, especially its asset quality, suffered in the June quarter of FY18, partly due to the effects of the merger of associate banks, bankers said.

Asset quality of the retail loan book (loans to individuals) came under pressure in April-June, as advances worth Rs 17,886 crore slipped into the category of non-performing assets (NPAs). Constraints on the follow-up for recoveries during transition to the merged entity and the end of forbearance on loans after demonetisation had impacted asset quality.

Delays in appointment of chief executives for public sector banks is not new to this government, as was seen in the case of Bank of Baroda (BoB) and Indian Overseas Bank (IOB).

BoB was without a full-time CEO since August 2014, till P S Jayakumar came on board in October 2015. The last full-time CMD at BoB was Mundra, who moved to the RBI in July 2014. After Mundra's exit, executive directors were handling operations.

During that period BoB's image had taken a beating due to alleged scams and an ongoing probe. Besides alleged "illegal transfers" of foreign exchange of over Rs 6,000 crore from a branch in Delhi, a Rs 350-crore bill discounting scam in Gujarat also hurt the bank's reputation.

Chennai-based IOB was without full-time chief executive for many months in 2016 at a time when the public sector bank was saddled with a huge bad loan portfolio. It was already under the prompt corrective action plan.

## **Financial Express**

### **3. Ashok Lavasa: on why bankers have been bullish on lending to risky projects, not on finding solutions**

A good banker can smell a bad loan and therefore bankers today need to introspect if excessive lending has taken place in the past, Union finance secretary Ashok Lavasa said on Tuesday

By: [FE Bureau](#)

A good banker can smell a bad loan and therefore bankers today need to introspect if excessive lending has taken place in the past, Union finance secretary Ashok Lavasa said on Tuesday. "One has to see why bankers have been bullish on lending to risky projects and why they have not been bullish on finding solutions. Bankers have to introspect if excessive lending has taken place and whether the entrepreneur has borrowed more than needed for the project," he said.

Lavasa was speaking at a meet organised by the National Institute of Bank Management (NIBM) in Pune on Insolvency and Bankruptcy Code 2016.

"If you look at the macro economics of the Indian economy you will find that by any parameter that you may adopt, the macroeconomic fundamentals are very strong, whether you take the balance of payments, current account deficit, the way inflation has shaped in the last two to three years, the Indian government has managed its fiscal deficit and revenue deficit well. Yet today there are questions being raised, concerns being raised on why the Indian economy is not growing faster. It is like an individual whose blood pressure is normal, pulse rate is good heart is sound and yet

it is not able to run or sprint the way it should, or match up to the expectations of the people within the country and outside," he said.

One of the reasons being cited, according to Lavasa, is the low credit off take and the consequent slowdown in the participation of the private sector in the process of economic growth. "If you look at various indices of competition in the world whether it is ease of doing business, by and large the process has to be more dynamic more fast and it has to create an eco-system in which people are not able to destroy the system or are able to take advantage of the law and use them for vested interests," he said.

"In the last few years, the government has taken several steps in which policies have been created, institutions have been established, made amendments to the law, and one of the issues has been addressing the issue of insolvency. In India it is easier to start something but it is harder to exit once you have met with failure or things don't turn out the way it should. In this context the insolvency code and bankruptcy law has been recognized by the world as a positive step taken by the government," he said, adding that the Indian Bankruptcy Code has turned one year old.

According to Lavasa, the government created many policies in the past, some of which succeeded and some did not. "Remember when the borrower becomes a defaulter, the burden shifts to the bank," he said.

He cited the example of the BIFR and the Sick Industries Companies Act where once the promoter took the BIFR route.

"Nobody could deal with it in a satisfactory manner. The Indian Bankruptcy Code is solution oriented and there is a time frame of 180 days plus 90 days extended in which all parties have to find a solution," he pointed out.

Economic Times

#### **4. Reserve Bank of India opens branch in Dehradun**

PTI

The Reserve Bank of India today opened a branch in the city to make transactions of the state government more convenient.

Inaugurating the RBI's branch here, Uttarakhand Chief Minister Trivendra Singh Rawat said it was an important step which will speed up economic development of the state besides making financial transactions of the government more convenient.

Earlier, the state government had to do financial transactions through the Kanpur branch of the RBI, an official release here said.

RBI's Principal Chief General Manager S Ramaswamy assured the state government of all support in its development endeavours saying a separate branch in the state will ensure smooth disposal of financial works of the state government through better coordination between the treasuries and the banks.

#### **5. IOB waives processing fee on vehicle, home loans**

K. R. SRIVATS

**As part of its festive bonanza for retail customers, Indian Overseas Bank (IOB) announced *full waiver of processing fee on vehicle and housing loans***

This facility will be available from October 3 to January 31 next year. These concessions are offered to attract more customers during ensuing festive season, a statement issued by IOB said.

The bank has a variety of schemes under housing loan for purchase/construction of house/flat and also for renovation/modifications in existing house including loans for NRI customers.

This public sector lender has developed an exclusive team to ensure quick disbursements of these retail loans by reducing the turnaround time. IOB does not levy prepayment penalty on any of its retail loans if repaid before normal repayment date.

## **Times of India**

### **6. Unions say no to linking PSB pay to productivity**

Mayur Shetty | TNN

Departing from the practice of standard pay scales across banks, irrespective of size or financial health, public sector banks have proposed bank-wise compensation for executives, depending on the strength of each entity. PSU banks under the aegis of the Indian Banks Association (IBA) have also proposed wage increases be productivity-linked rather than automatic hikes based on tenure. Unions have opposed both the proposals.

"Bank-wise settlement and productivity-linked compensation are something that IBA comes up with during the start of every bipartite discussion. Unions are opposed to both of them," said Devidas Tuljapurkar, joint secretary All India Bank Employees Association (AIBEA). On Tuesday, the IBA had its initial round of discussion with employee associations on wage revision. Public sector banks are trying to bring in the 'cost to company' concept that is prevalent in the private sector. The banker's association plans to make a strong push for a large variable component in the compensation. Like in the pension reform, which was brought in by making it applicable to new employees, they may propose that variable pay be introduced for new hires.

The previous bipartite wage agreement (10th) had resulted in a 15% wage hike and two additional holidays a month as part of the industry-wide settlement. The hike resulted in an additional outgo of Rs 4,725 crore per year for 45 banks that were part of the deal. Although the deal was signed in 2015, it was with retrospective effect from 2012.

According to Devidas Tuljapurkar, joint secretary All India Bank Employees Association (AIBEA), the government's proposal to merge public sector banks has added to the uncertainty. "The issue facing banks is that of non-performing assets. How will the merger help," he said. Tuljapurkar said the merger of SBI's associates with the parent has resulted in the bank losing business worth Rs 2 lakh crore. "Each bank has a unique culture. You can compel employees to merge but you cannot do the same with customers. With large scale merger of branches more loss of business is likely," he said.

In Tuesday's meeting, IBA and unions discussed non-financial demands of employees. Among the demands was one for a five-day week and crèches for children of employees. "Unions have asked IBA to start the discussion on financial demands. IBA has agreed to start the process by the month-end," said Tuljapurkar.

With kind regards,

Yours Comradely,



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