



**ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION**  
(Affiliated to All India Bank Pensioners & Retirees Confederation – AIBPARC)  
163/4, Kutcheri Road, Mylapore, Chennai - 600004  
E mail i.d: [aiubparf@gmail.com](mailto:aiubparf@gmail.com)/ [ubioatnng@gmail.com](mailto:ubioatnng@gmail.com)/ [suryanarayananram@gmail.com](mailto:suryanarayananram@gmail.com)

---

|   |  |   |  |
|---|--|---|--|
| <b>Com. P.B. Thomas</b><br>Chairman<br>Thiruvananthapuram<br>M: 09447177456 | <b>Com. Nitin Desai</b><br>President<br>Ahmedabad<br>M: 097277 60641 | <b>Com . S. Bagchi</b><br>Working President<br>Kolkata<br>M: 0983081586 | <b>Com. N. Govindarajulu</b><br>General Secretary<br>Chennai<br>M: 09841089111 |
|---|--|---|--|

---

Dear Comrades,

17th April, 2018

### News of Interest 17th APR

\*\*\*\*\*

### QUOTE OF THE DAY

*'Optimism is the faith that leads to achievement. Nothing can be done without hope and confidence'. Helen Keller*

### HIGHLIGHTS

- 1. UCO Bank: Rs 7.6-bn provisioning done against fraud involving ex-chairman**
- 2. NPA in India: PSBs failing to recover bad loans, UCO Bank tops chart; check full list**
- 3. One-day default rule: RBI non-committal on relief**
- 4. Deepak Kocher's NuPower got Mauritius funds in 5 tranches**
- 5. PSU insurers' merger will depend on general election timing**

Business standard

#### **1. UCO Bank: Rs 7.6-bn provisioning done against fraud involving ex-chairman**

Besides Kaul, it has booked EEIL, the latter's chairman, Hem Singh Bharana, and two chartered accountants (CAs), Pankaj Jain and Vandna Sharda

Namrata Acharya

Government-owned UCO Bank told the stock exchanges on Monday it had already provided Rs 7.57 billion on its balance sheet as provisioning against a bad loan account involving its former chairman, Arun Kaul.

During the weekend, the Central Bureau of Investigation (CBI) booked Kaul, the lender's former chairman and managing director (CMD), and some others in connection with an alleged Rs 6.21 billion loan fraud. This, in turn, is supposed to have caused a loss of Rs 7.37 billion to the bank.

UCO Bank says the account in question was classified as non-performing since July 1, 2013.

It had registered a complaint with the CBI last Wednesday, against Era Engineering Infra India (EEIL), in view of the irregularities reported in the account, the bank said.

CBI had searched 10 locations in Delhi. Besides Kaul, it has booked EEIL, the latter's chairman, Hem Singh Bharana, and two chartered accountants (CAs), Pankaj Jain and Vandna Sharda. Also, Pawan Bansal of Altius Finserve, among others.

Fraud of Rs 6.21 billion by diversion and siphoning off the bank loans is alleged. Kaul was CMD of the Kolkata-based bank between 2010 and 2015. He is alleged to have facilitated the company in getting the loan. Another charge is that the loan was secured by producing false end-use certificates issued by CAs and by fabricating of business data. And, the money was not utilized for the sanctioned purpose, CBI has alleged.

In its complaint, the bank said two loans were issued to the company in 2010, of Rs 2 billion and Rs 4.5 billion. The Rs 2 billion was issued for repayment of higher cost debt to Central Bank of India, Punjab National Bank (PNB), and IFCI. It is alleged the company diverted the funds and no money was repaid to Central Bank of India or PNB, while only Rs 5.9 million was paid to IFCI.

## **Financial Express**

### **2. NPA in India: PSBs failing to recover bad loans, UCO Bank tops chart; check full list**

In a major headache for Public Sector Banks (PSBs) in the country, the recovery rate of non-performing assets (NPAs), which were written off, has been declining. It has been learnt that 90 per cent of bad loans could not be recovered during 2014-15 to 2017-18

By: [FE Online](#) |

**NPA in India:** In a major headache for Public Sector Banks (PSBs) in the country, the recovery rate of non-performing assets (NPAs), which were written off, has been declining. It has been learnt that 90 per cent of bad loans could not be recovered during 2014-15 to 2017-18, according to the Reserve Bank of India report quoted by The Indian Express. The worst performer is the UCO Bank, which had written off Rs 6,087 crore in the last four fiscals, failed to recover a single rupee.

Other state-owned banks like Indian Overseas Bank had written off Rs 10,470 crore of NPAs and managed to recover Rs 10 crore. Allahabad Bank has so far recovered just Rs 257 crore out of a total of Rs 9,533 crore of bad loans. The IDBI Bank has

recovered a meagre Rs 479 crore out of a total of Rs 16,568 crore worth of NPAs written-off. The central government is planning to privatize the IDBI bank.

Punjab National Bank, which is in the news over diamond czar Nirav Modi case, had written off Rs 27,814 crore but managed recover Rs 6,270 crore with a relatively better percentage of 22.54. State Bank of India had written off Rs 1,02,587 crore of bad loans. It had recovered Rs 10,396 crore.

The report shows that in the last four fiscal years — 2014-15, 2015-16, 2016-17 and 2017-18 till December 31 — all 21 public sector banks in aggregate could recover only Rs 29,343 crore out of Rs 2.72 lakh crore of bad loans that were written off by the PSBs, a recovery rate of 10.77 per cent. The growing NPAs and increasing amount of write-offs generally put pressure on the exchequer to keep infusing capital in the banks to keep them afloat. Earlier in January, the central government had infused the lion's share of capital of Rs 52,311 crore to 11 weak banks to maintain their minimum regulatory capital requirement. At the same time the Centre had given Rs 35,828 crore to nine strong banks were given.

### **3. One-day default rule: RBI non-committal on relief**

A final call will be taken by the RBI and the ministry wouldn't like to interfere in the decision-making process of the central bank apart from only making suggestions, the finance ministry source said

By: [Banikinkar Pattanayak](#) |

The finance ministry is 'sympathetic' towards bankers' request for increasing the default period for term loans to 30 days from one day, as stipulated by the Reserve Bank of India (RBI) in February, an official source told FE. However, the RBI hasn't yet shown its willingness to change its position, which — it believes — is crucial to an early detection of potential bad debts and timely resolution of stressed assets. The RBI stipulated in February that even a one-day delay in the repayment of term loans would be considered a default and banks have to report it to the central bank. A final call will be taken by the RBI and the ministry wouldn't like to interfere in the decision-making process of the central bank apart from only making suggestions, the finance ministry source said.

Banks have also sought relaxation from the rule that requires them to finalize a resolution plan in case of a default within 180 days, failing which it goes for insolvency. "The days of lazy banking are over. If we are really serious about tackling the bad debt issue head on, we have to identify potential stressed assets very early and start working on resolution plans. There has to be a behavioral change at banks," said a source familiar with the central bank's thinking. He said banks need not set aside funds for default from day one, "so there isn't much of a material change" so far as provisioning is concerned.

Earlier this month, the RBI had defended its decision before a Parliamentary panel. The central bank rules suggest that if the principal or interest is overdue for one day beyond 30 days, the account is identified as a special mention account-0 (SMA-0). If the delay is for 30-60 days, it comes under the SMA-1 category. If it is overdue for more than 60 days until 90 days, it falls under the SMA-2 category. If repayment isn't made for more than 90 days, it is classified as a non-performing asset (NPA). The RBI has also stressed that if the resolution plan is not

implemented within 180 days, insolvency process should be initiated within 15 days from the completion of the six-month period. This means the fate of a defaulting entity will be sealed within 465 days. Banks have to make 40% provision for accounts where insolvency proceedings are invoked.

And if an account of Rs 2,000 crore and above, to start with, fails to service its loans within 91 days, it would be considered a 'default' and a resolution plan will have to be readied. In February, the central bank withdrew schemes such as corporate debt restructuring, flexible restructuring of existing loans for long-term project loans, strategic debt restructuring (SDR), change of control outside of SDRs and Scheme for Sustainable Structuring of Stressed Assets (S4A) and also the joint lenders forum (JLF).

Apart from banks, power producers have asked the RBI for special relaxation in guidelines on when insolvency proceedings would be triggered, saying the stress in the power sector is largely due to irregularity in payment from discoms, regulatory delays, and coal supply constraints, which are beyond the control of power companies. In a letter written to RBI governor Urjit Patel, the Association of Power Producers has said discoms delay regular payments by three-four months, and currently receivables to IPPs stand at about Rs 8,300 crore. Additionally, Rs 7,800 crore is stuck due to various delays in receiving orders from regulators.

## **Economic Times**

### **4. Deepak Kocher's NuPower got Mauritius funds in 5 tranches**

*By Raghav Ohri*

NuPower Renewables attracted investments of over Rs 320 crore in five tranches from Mauritius starting March 2011, exactly the time Deepak Kochhar acquired full ownership of the company, the RBI said in its 2016 report.

The central bank, however, could not trace the origin of the funds, which were infused between March 2011 and May 2012, beyond the Mauritius-based entities First Land Holding and DH Renewables.

This aspect is now being investigated by different agencies.

"The source of the funds as well as rationale of investment... could not be ascertained from the annual returns of the company, appraisal notes at banks and transaction trail from account statements," observed the RBI.

ET has exclusively accessed the RBI report which was prepared after a whistle-blower complained in March 2016 about ICICI CEO Chanda Kochhar and her family's dealing with Videocon.

The whistle-blower had alleged that ICICI had extended loans to Videocon because it had invested in Deepak Kocher's company.

RBI's conclusions were reported by ET on April 12.

### **Initial Funding of Rs 64 crore**

That story said that RBI had raised a few concerns but could not "conclusively establish" the quid pro quo allegation with regard to extension of facilities by ICICI to Videocon.

In the report RBI observed that the loan sanctions “were done not only by ICICI bank but by also other consortium members”.

On the ownership pattern of NuPower, the report said: “Subsequent to March 2011, the shareholding pattern of the company changed and it ceased to be Videocon group company... the shareholding of Deepak Kochhar increased with conversion of 1.99 million share warrants to 1.9 million equity shares while the shareholding of Videocon remained constant... the share of Deepak Kochhar and associates went up to 97.68%.”

The RBI, in particular, looked into the initial funding of about Rs 64 crore, which the March 2016 complaint had alleged was in return for favours. “The funding of Rs 64 crore had come from a back to back issue of convertible debentures to another counterpart, whose identity could not be established,” stated the RBI in its report.

The report said that the complainant had alleged that funding had come from Videocon group.

“SEPL has a meagre capital of Rs 5 lakh and had no other business line,” RBI held.

Supreme Energy Private Limited (SEPL) was owned by Videocon’s Venugopal Dhoot. SEPL became a 94.99% shareholder in Nu-Power Renewables (NRPL) by March 2010 following transfer of shares from Dhoot to Deepak Kochhar and subsequently from Kochhar and his relatives to SEPL. Kochhar held the remaining (close to 5% stake) in NRPL.

In Nov 2010, Dhoot transferred his entire holding in SEPL to his associate who later transferred the same to a company where Deepak Kochhar was the managing trustee.

To ascertain the allegation of “shifting of ownership” in NRPL, the regulator gathered information from the banks --PNB, Central Bank of IndiaNSE -0.29 % and Canara Bank – and their “returns submitted to various authorities”.

For, NRPL had “banking relationship” with the three banks.

The RBI observed that by “subscribing to convertible debentures (unsecured) and not exercising its option for conversion even after June 2013 i.e the last date for conversion event set as trigger, Videocon opted to be a creditor to NRPL, an erstwhile group company of the said corporate”.

The central bank found no rationale for the “change in status” and subsequent dilution of equity. “The source of funds for the investment in unsecured FCDs, in the absence of available records as well as the fact that NRPL being an unlisted entity, could not be ascertained,” the report said.

## **Business Line**

### **5. PSU insurers’ merger will depend on general election timing**

---

SURABHI

**Will depend on the timing of the general elections. A proposal to merge the three state-owned general insurers is likely to take some time and is expected not before early 2019, depending on the timing of the general elections**

Study under way

An informal committee of officials from the three general insurers – National Insurance Company, United India Insurance and Oriental Insurance Company – and from the Finance Ministry is understood to be looking into the modalities of the process.

The committee is expected to finalize the roadmap of the merger of the three companies and the functioning of the new entity.

An external consultant may also be hired. "Their recommendations are likely to be finalized later in the year following which there are a lot of operational issues that have to be looked into for the merger. It is not going to be an easy process," said a person in the know, adding that the actual merger may take place only next year.

He added that it could be pushed back even further if the deal is not finalized before the general elections.

"If there is any sort of delay, the merger of the three insurers may have to take place after the 2019 elections, depending on the mood of the next government," said another official source.

Finance Minister Arun Jaitley had, in the Union Budget 2018-19, proposed the merger of the three PSU general insurers.

"These will be merged into a single insurance entity and will be subsequently listed," he had said as part of his Budget speech on February 1.

The move came after a similar exercise last year where state-owned ONGC acquired Hindustan Petroleum Corporation.

Modernization drive

The Centre has also been keen to modernize and streamline the functioning of the state-owned insurance firms.

In 2017-18, it listed National Insurance Company and General Insurance Company divesting 11.65 per cent and 12.5 per cent of its stake, respectively, in the two companies.

It also had plans to list the other three insurers this fiscal.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)  
GENERAL SECRETARY**