



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/ 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 April, 2018

News of Interest 23rd APR

MOTIVATIONAL QUOTES

'TRY TO BE LIKE THE TURTLE - AT EASE IN YOUR OWN SHELL. '

BILL COPELAND

HIGHLIGHTS

1. VIDEOCON LOAN CASE: SEBI MAY SEEK FORENSIC PROBE OF ICICI BANK DISCLOSURES
2. CASH CRUNCH: WHY AN URGENT REFORM IN INDIA'S MONETARY AND FINANCIAL REGULATORY INSTITUTIONS IS NECESSARY
3. HDFC BANK Q4 NET UP 20% AT RS 4,799 CRORE
4. VIDEOCON LOAN CASE: ICICI'S INTERNAL PROBE CLEARED CHANDA KOCHHAR'S NAME
5. AADHAAR SEEDING MUST FOR BANK ACCOUNTS UNDER KYC NORMS: RBI

Business Standard

1. Videocon loan case: Sebi may seek forensic probe of ICICI Bank disclosures

Officials said the examination will also cover the disclosures made at the time of Chanda Kochhar being appointed as CEO and Managing Director of the bank for the first time in 2009

Press Trust of India

Markets watchdog Securities and Exchange Board of India (Sebi) is mulling getting a forensic examination done on financial statements and disclosures

made by ICICI Bank in past few years amid a controversy over alleged conflict of interest involving the lender's CEO Chanda Kochhar and her husband.

According to top officials, the capital markets regulator will also consult the Reserve Bank of India (RBI) on the matter to avoid any intra-regulatory jurisdiction issues.

The forensic examination will focus on various disclosures made by the top private sector bank over the past few years, vis-a-vis the clarifications submitted by ICICI Bank to the stock exchanges in reply to queries made in the backdrop of a controversy regarding certain loans extended as part of a consortium to Videocon.

Officials said the examination will also cover the disclosures made at the time of Kochhar being appointed as CEO and Managing Director of the bank for the first time in 2009.

If required, Sebi will also seek details from the bank regarding various business dealings involving its top officials, including Kochhar, to look into alleged conflict of interest.

Sebi has been looking into the matter for any possible disclosure and corporate governance-related lapses at ICICI Bank, but has not come across any concrete proof so far, the officials said.

A probe by RBI in 2016 also did not find any 'quid pro quo' vis-a-vis ICICI Bank with regard to the loan extended to Videocon by the consortium which had the private sector lender as 'a small member', they added.

ICICI Bank landed in the controversy following allegations about a Rs 32.5 billion (Rs 3,250 crore) loan to Videocon Group, whose chairman Venugopal Dhoot has been accused of having business dealings with NuPower Renewables, operated by Chanda Kochhar's husband Deepak Kochhar.

Besides, questions have been raised about Avista Advisory, run by Chanda's brother-in-law Rajiv Kochhar, having advised some clients of ICICI Bank.

The bank, however, has denied all these allegations and its board has strongly defended the chief executive saying it has full faith and confidence in Kochhar.

Since RBI had already looked into the matter in 2016 and found no wrongdoing, the bank and its board members have been exuding confidence that the company would get out of the controversy unscathed.

Kochhar has been known as one of the biggest driving forces behind the phenomenal growth of ICICI Bank, especially of its retail banking operations, which got redefined following the entry of this private sector lender in the Indian banking space.

Subsequently, she has played a key role in expanding the bank's business in other areas and its diversification, including the digital push in recent years.

Financial Express

2. Cash crunch: Why an urgent reform in India's monetary and financial regulatory institutions is necessary

Current cash crunch underlines the need for a deeper look at the adequacy of India's monetary and financial regulatory institutions

By: Meghnad Desai

In Oscar Wilde's *The Importance of Being Earnest*, the formidable Lady Bracknell has these unforgettable lines—"Losing one parent is a tragedy. Losing both looks like carelessness." This is the appropriate response to the cash famine caused by the inefficiency of RBI.

RBI is a venerable institution, one of the older central banks in the world. Lately, it has been winning autonomy, and has fashioned a creditable monetary policy framework. This is, of course, the proper job of any central bank. But, it has now failed twice within 15 months to provide necessary amounts of currency for public use. It caused serious damage to prime minister Narendra Modi's bold plan for demonetisation by failing to provide adequate amount of new currency on time.

A serious hardship was caused to countless people's fragile daily lives due to the inability of RBI to see to it that new currency was printed on time and delivered to outlets across the country. It was said in its defence then that the printing presses had been working three shifts full-time. That, however, is no excuse. If the Bank had not calculated that, even at full capacity, the printing presses would be inadequate, it was obviously inefficient. If it had, but failed to bring in supplementary help from India or abroad, it showed a lack of managerial competence. It is no excuse to say that it could not trust foreign suppliers. If India is to act like a modern economy, it needs to get its fear of the foreign out of its system.

But to repeat the failure within 15 months is unpardonable. Once again, the excuses are familiar. Shortage of ink which comes from abroad. Yet again, maximum effort but not enough. To say that 60% of the ATMs are working, is pathetic. The latest claim, that it is 80%, is derisory. It has to be 100% all the time. After the last fiasco, new capacity should have been added on the printing side. If the problem is a logistical one, of delivery to distant parts of the country, it should have been addressed. The reason given for the breakdown is that there was unexpected cash withdrawal. Unexpected by whom? Obviously, RBI. If so, what was the reason?

Inadequate or out of date forecasting methods for currency demand? Failure to see that given the precarious state of PSU banks and people's fears that FRDI Bill may compel depositors to provide support for the failing banks? As it is, the lapses at PNB and other PSU banks indicate a failure to monitor bank behaviour on part of RBI as the regulator. The least it could have done is to anticipate the reaction to the fears of depositors.

There is now clearly an urgent need for a reform of our monetary machinery. RBI does a fine job in monetary policy and fighting inflation. But it is not good as a provider of currency. This task should be given to an independent public body under a Comptroller of Currency. Printing and providing adequate amounts of currency on time is a vital task but this is a logistical and management task, not an economic one. It is obviously too difficult for RBI which has more important things on its mind.

But along with that, it may be time for the finance ministry to think about a new structure for financial regulation—one that is separate from, but well coordinated with, RBI—as the UK has done. India is becoming a sophisticated modern economy, and the finance ministry needs to prepare for these new needs. It will require complex legislation and Parliamentarians have been unable to do any business beyond rushing to the well in response to the latest breaking news day after day.

Even so, it may be time for a deeper look at the adequacy of the monetary and financial regulatory institutions. If necessary, the government should appoint a high-powered commission to take a serious look at the issue. If politically possible, it should invite foreign central bank governors to join such a commission.

3. HDFC Bank Q4 net up 20% at Rs 4,799 crore

HDFC Bank on Saturday reported a 20.3% year-on-year (y-o-y) growth in net profit for the March quarter of 2017-18 to Rs 4,799 crore on the back of higher net interest income (NII), coupled with a rise in other income

By: FE Bureau

HDFC Bank on Saturday reported a 20.3% year-on-year (y-o-y) growth in net profit for the March quarter of 2017-18 to Rs 4,799 crore on the back of higher net interest income (NII), coupled with a rise in other income. Its other income rose 22.7% y-o-y to Rs 4,229 crore in Q4. The bank's net interest income (NII) — the difference between interest earned and interest expended — raised 17.7% y-o-y to Rs 10,658 crore. The bank's provisions rose 22% y-o-y to Rs 1,541 crore in the March quarter. HDFC Bank's net interest margin — a key measure of profitability — in Q3 remained unchanged at 4.3% from the end of December 2017 and March 2017.

Its asset quality remained stable with a 1 basis point (bps) rise in gross non-performing assets (NPAs) ratio — bad loans as a percentage of total loans — to 1.3% in Q4 FY18. However, on a y-o-y basis, the gross bad loan ratio rose 25 bps

Economic Times

4. Videocon loan case: ICICI's internal probe cleared Chanda Kochhar's name

By *Saloni Shukla*

Bank chairman MK Sharma conducted a secret, internal inquiry two years ago that found no wrongdoing on the part of CEO Chanda Kochhar over loans to the VideoconNSE 0.39 % group after a shareholder complaint, said people with knowledge of the matter. The findings were endorsed by leading law firm Cyril Amarchand Mangaldas (CAM), they said.

Sharma shared the findings of the report with the Prime Minister's Office (PMO) and the Central Bureau of Investigation (CBI) at the timethe sources said. An ICICI Bank spokesperson confirmed the "review" and said the communication with authorities was confidential. Sharma and Cyril Amarchand did not respond to ET's queries.

"The governance process at the bank and the communication with regulatory authorities is privileged information, and we do not wish to comment upon them in the media," the ICICI Bank spokesperson said.

"Nevertheless, we would like to confirm that after taking note of a report in a section of media in 2016, ICICI Bank chairman had undertaken an elaborate review of systems and process followed at the bank with respect to corporate loan proposals. The review also included specifics of the banking consortium lending to Videocon group in 2012."

Board Members Unaware Till Recently

Most board members were unaware of this investigation until the issue resurfaced recently, said the people cited above. "At that point, making the investigation public was pointless because no one would believe it was done at all," said one of them.

The thrust of the complaint by the shareholder was that Videocon promoter Venugopal Dhoot gave funds to NuPower Renewables run by Chanda Kochhar's husband, Deepak Kochhar, raising questions about whether there was any quid pro quo involved. ..

"It (investigation) was done very quietly, so it is unclear how much information was shared with the law firm," said the person cited above. He said this was the reason investigators were focusing on Deepak Kochhar and his brother Rajiv Kochhar.

"A corruption investigation would involve even those who have investigated the matter, which makes too many people."

Sharma conducted the enquiry after whistle-blower Arvind Gupta alleged that Chanda Kochhar, who was on the credit committee, influenced the Rs 3,250-crore loan to Videocon.

The bank said after the controversy blew up again recently, Sharma instituted inquiries afresh last month, following which the board decided to back the CEO and pledge faith in her.

"The chairman had also engaged in other appropriate processes to reconfirm his conclusion in 2016 which are highlighted in the media statement issued on March 28, 2018," the bank spokesperson further said.

"The allegations raised in 2018 are exactly the same as raised in 2016. Since the chairman had reached a conclusion two years ago, the question of the board acting in a hurry to reach at a conclusion now does not arise at all."

There were no follow-up queries on the 2016 report, said one of the people cited above.

"The chairman had personally conducted an enquiry along with a couple of members way back in 2016 -- nothing dubious was found," the person said.

"The report was also sent to the PMO and CBI. They in turn did not ask us any questions."

Subsequently, RBI also conducted an investigation in 2016 that found nothing amiss as the loan was given by a consortium of banks led by State Bank of India.

One person said the board fully backed the chairman and CEO as they believed the allegations were false.

"MK Sharma is not a layperson -- we hold any investigation conducted by him personally as truthful and honest," the person said. "We don't want to condemn the CEO unnecessarily -- what should we do, go against the chairman? Also, there is no question of an external enquiry -- why should ICICI Bank open its books to outsiders? It's not fair."

In a March 15, 2016, letter addressed to Prime Minister Narendra Modi and others, Gupta alleged that the bank extended loans to debt-laden Videocon because of the business relationship between Dhoot and Deepak Kochhar. The allegations also referred to other members of the Kochhar family.

ICICI Bank has said repeatedly that it was not the lead bank in the consortium that gave loans to Videocon and that its share was less than 10% of the total credit. It has also said that the terms and conditions such as security and tenure as well as rate of interest were on par with other lenders.

Business Line

5. Aadhaar seeding must for bank accounts under KYC norms: RBI

The Reserve Bank of India (RBI) has made linking of national biometric ID Aadhaar to bank accounts mandatory as part of its updated 'Know Your Customer (KYC)' guidelines.

This, however, will be subject to the final decision of the Supreme Court on making of Aadhaar mandatory, RBI said in a circular late last night.

Till now, an Officially Valid Document (OVD) for address proof together with Permanent Account Number (PAN) issued by the Income Tax department and a recent passport size photograph were the key KYC documents.

But in the amended Customer Due Diligence (CDD) procedure, RBI said, "The Aadhaar number, the PAN or Form No. 60" need to be obtained from an individual who is eligible for applying for the biometric ID.

Sources said that the move will facilitate trusted environment for banking services.

The RBI has done away with sections relating to the use of other OVD by banks for address and identity proof.

For residents of Jammu and Kashmir, Assam or Meghalaya, who do not submit Aadhaar or proof of application of enrolment for Aadhaar, the bank may obtain a "certified copy of an OVD containing details of identity and address and one recent photograph," RBI said.

OVD means the passport, the driving licence, Voter's Identity Card issued by the Election Commission of India, job card issued by NREGA duly signed by an officer of the State Government, letter issued by the National Population Register containing details of name and address.

RBI said Aadhaar number shall not be sought from individuals who are not residents. "From an individual who is not eligible to be enrolled for an Aadhaar number, or who is not a resident, the following shall be obtained: PAN or Form No. 60, one recent photograph and a certified copy of an OVD containing details of identity and address."

In case the OVD furnished by the customer does not contain updated address, utility bill of not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill),

property or municipal tax receipt, pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, and letter of allotment of accommodation from employer issued by State Government or Central Government Departments may be considered, RBI said.

RBI said the KYC norms have been updated following the government's decision to update the 'Prevention of Money Laundering' (PML) rules in June 2017.

The government had last month extended the date for submission of Aadhaar details for existing bank account holders indefinitely. A date would be notified after the final judgement in the petition challenging Aadhaar being heard before the Supreme Court, the government had said.

"The revised Master Direction is in accordance with the changes carried out in the PML Rules vide Gazette Notification GSR 538 (E) dated June 1, 2017 and thereafter and is subject to the final judgment of the Hon'ble Supreme Court," RBI said while updating its master direction on know your customer norms.

According to the Aadhaar Act, a person who is residing in India for more than 180 days is eligible for applying for a Aadhaar number.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY