



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
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Dear Comrades,

24th April, 2018

News of Interest 24th APR

MOTIVATIONAL QUOTES

THE ONLY SURE WEAPON AGAINST BAD IDEAS IS BETTER IDEAS.

ALFRED WHITNEY GRISWOLD

HIGHLIGHTS

1. CASH CRUNCH: ONE IN FIVE ATMS CALIBRATED FOR DISPENSING RS 200 NOTES
2. CAPITAL A CONSTRAINT FOR SUBSIDIARIES, SAYS STANDARD CHARTERED BANK
3. NIRAV MODI FRAUD: PNB MOVE HONG KONG COURT; PLANS LEGAL ACTION IN OTHERS COUNTRIES
4. YOUR BANK COULD SOON CHARGE YOU FOR ATM TRANSACTIONS, CHEQUES & CARDS
5. LIC HOUSING FINANCE NET UP 2% AT ₹539 CR

Business Standard

1. Cash crunch: One in five ATMs calibrated for dispensing Rs 200 notes

Slow progress in recalibrating of ATMs to receive Rs 200 notes was one of the factors responsible for the recent cash crunch

Somesh Jha

The government and Reserve Bank of India (RBI) have told banks to recalibrate ATMs in a phased manner for dispensing Rs 200 notes.

Notes of this denomination were introduced last August. A fifth of the 221,000 ATMs in the country have been so reconfigured. "Banks had

identified about 90,000 ATMs to be recalibrated and 48,000 have been, to dispense Rs 200 notes. However, with the increase in printing of Rs 500 notes, banks have been told to recalibrate ATMs in a phased manner, so that people don't face inconvenience in withdrawing money," said a senior finance ministry official.

About 200,000 ATMs can dispense the new series of Rs 500 notes. "We will further review the requirement for recalibrating ATMs for Rs 200 notes in the coming days, when more Rs 500 notes are introduced in the system," another ministry official said. RBI will increase five-fold the printing of Rs 500 notes, economic affairs secretary Subhash Chandra Garg had said last week. It would, within a month, print Rs 700-750 billion worth of these notes.

RBI said it had raised the circulation of Rs 200 notes in the economy "to ensure balance in the required denomination-mix of currency notes to the public". However, slow progress in recalibrating of ATMs to receive Rs 200 notes was one of the factors responsible for the recent cash crunch. "The shortage might be felt in some pockets, largely due to logistical issues of replenishing ATMs frequently and the recalibration of ATMs being still underway. RBI is monitoring these aspects," the central bank said last Tuesday.

The government has written to the chief executives of all banks to ensure the cash situation at ATMs is monitored, especially on the coming bank holidays that coincide with a weekend when bank premises will be closed.

Banks in some states will be closed on April 30 (Buddha Purnima) and in some on May 1 (May Day).

"Cash withdrawals are usually high towards the end and the beginning of a month. In March-end, there were continuous bank holidays that also led to a situation of crunch in some states, as ATMs were not filled with cash," a third finance ministry official said.

Ministry officials say availability of cash had improved, with 86 per cent of ATMs dispensing cash on Monday, compared to 84.7 per cent on Friday. However, the situation worsened in Bihar, where cash was available in about 69 per cent of ATMs on Monday, compared to 74 per cent on Friday. In Jharkhand, 75 per cent of ATMs were dispensing cash, as against 72.4 per cent on Friday. Cash availability at ATMs improved in Andhra (from 71 per cent to 80 per cent), Telangana (from 78 to 84 per cent), Madhya Pradesh (80 to 82 per cent) and Uttar Pradesh (72.4 per cent to 75 per cent) RBI has moved additional cash to banks in MP, UP, Tamil Nadu and Bihar, beside Hyderabad, an official said. The difference between cash withdrawal and deposits has also narrowed. The former, at around Rs 240 billion, were 14 per cent more than deposits on Monday. The difference between withdrawal and deposits stood at a little over 24 per cent last Monday.

On Tuesday, the finance ministry stated there had been an "unusual spurt in currency demand in the last three months" in some parts, including Andhra, Telangana, Karnataka, MP and Bihar. RBI data showed cash withdrawal from banks was higher than the deposits in April.

2. Capital a constraint for subsidiaries, says Standard Chartered Bank

Standard Chartered appointed Bollywood actor Anushka Sharma as its brand ambassador to target the increasing young working customers

Nikhat Hetavkar & Agencies

Standard Chartered Bank said on Monday onerous capital requirements were preventing foreign lenders from converting themselves into wholly-owned subsidiaries (WOS) for local operations.

The bank, which has 100 branches in the country, was not looking to decrease its presence as many of its foreign bank peers had done, a top executive said. "It (converting into WOS) is very capital-expensive. If you subsidiaries, the capital that is put into the country is dedicated from the Tier-I capital of the parent," the bank's country chief executive, Zarin Daruwala, told reporters when asked about the impediments to conversion into WOS. She said the government had made necessary changes to the taxation structure, which was long considered as a big impediment preventing the lenders from operating as WOS. Daruwala, however, declined to comment when asked about the bank's strategy vis-a-vis operating as a WOS. Two foreign banks, Singapore-based DBS Bank and State Bank of Mauritius, have opted to establish WOS in India. Korea's Woori Bank, which has been operating through branches, is also graduating to form WOS in India.

In order to tide over the issue of lack of a go-ahead for branch expansion, Daruwala said the bank was adopting the digital medium as an outreach tool and making investments in the same. The bank is focusing on the more resilient retail segment for loan growth in the country. Without giving a timeline, she declared it wanted to up its contribution to the loan book to 40 per cent from the present 29 per cent.

The retail segment has grown 20 per cent in the last two years and the bank expects to continue with a similar trend in the future as well. The bank's credit cards in use had grown three times in the last two years, she said, adding it did not want to increase the unsecured book from present 6 per cent levels.

Standard Chartered, meanwhile, appointed Bollywood actor Anushka Sharma as its brand ambassador to target the increasing young working customers.

The bank also launched retail digital banking initiatives for various banking services — from opening accounts real time to interacting digitally with relationship managers

Financial Express

3. Nirav Modi fraud: PNB move Hong Kong court; plans legal action in others countries

The bank plans to approach other jurisdictions where Nirav Modi and his associates have assets and properties as part of recovery process, a senior PNB official said

By: PTI |

The bank plans to approach other jurisdictions where Nirav Modi and his associates have assets and properties as part of recovery process, a senior PNB official said. Hong Kong authorities have been approached and recovery writ has been filed against companies of Nirav Modi, the official said without disclosing other details. It is to noted that PNB recently hired lawyers to represent itself in the bankruptcy proceedings of the US-based Firestar Diamond, a group company of billionaire diamantaires. The US Trustee Program oversees the administration of bankruptcy cases in the United States.

Modi and his uncle Mehul Choksi, in connivance with certain bank officials, allegedly cheated PNB of over Rs13,000 crore through fraudulent Letters of Undertaking (LoUs). A Mumbai branch of PNB had fraudulently issued LoUs for the group of companies belonging to Nirav Modi since March 2011. Meanwhile, China earlier this month said Hong Kong was free to accept India's request to arrest Modi on the basis of the local laws of the region and judicial agreements between the two. While Hong Kong is part of the People's Republic of China, it is an autonomous region with its own laws.

On March 23, India's Ministry of External Affairs had requested authorities in Hong Kong to arrest Modi in connection with the alleged fraud from PNB. A provisional arrest has to be made before a formal extradition can be requested. Meanwhile, the Union Cabinet yesterday approved a proposal to promulgate Fugitive Economic Offenders Ordinance 2018 that provides for confiscating properties and assets of economic offenders like loan defaulters who flee the country, sources said. It seeks to confiscate properties of economic offenders like Nirav Modi who have left the country to avoid facing criminal prosecution.

Economic Times

4. Your bank could soon charge you for ATM transactions, cheques & cards

By *Deepshikha Sikarwar* , ET Bureau

The tax department has asked country's top lenders including State Bank of India, HDFC Bank, ICICI Bank, Axis Bank and Kotak Mahindra Bank to pay tax that could run into thousands of crores, on 'free services' provided to customers maintaining a minimum account balance, with retrospective effect.

Show cause notices have been issued by the Directorate General of Goods and Services Tax Intelligence (DGGST) and is likely to be made on other banks as well. The tax will be levied for the last five years, the period for which past service tax cases can be opened, said a senior official aware of the details.

The tax is being calculated after taking into account charges recovered by banks from customers who do not maintain a minimum account balance. This per account charge, for those who keep a minimum balance, is being

considered as the deemed value of the service being provided by the bank to its customers and tax is being levied on this amount.

Banks are worried as they cannot retrospectively recover tax from customers. Customers would have to bear the burden going ahead if the tax is upheld. Banks are likely to contest claims of the department and also take it up with the government, an official with a lender that has received the notice said.

"Some notices have been issued and some are in the process of being issued. All banks taking these charges would be show caused," the official said.

"We are in receipt of the said notice, which we understand, relates to an industry-wide matter. We are, currently, engaged with experts to evaluate the observations made in the SCN" (show cause notice)," said an Axis Bank spokesperson.

Emails sent to SBI, HDFC Bank, ICICI Bank and Kotak Mahindra Bank did not elicit any response.

"These notices also cover period prior to launch of GST when service tax was levied," said another official privy to the development.

Total tax liability could be about `6,000 crore according to this official, but bankers fears it could be much more.

SERVICE ELEMENT The DGGST had initiated an inquiry into various services offered by banks to their customers for which they collect some charges or come bundled free with accounts where customer is required to maintain a minimum balance.

Fee-based services include ATM transactions beyond a certain number, refund of fuel surcharge, issue of cheque books and debit card among others. These levies are, however, waived off for accounts that maintain a certain minimum balance or for privileged customers. These services or benefits to customers are treated as a 'deemed service' under the Service Tax law.

Business Line

5. LIC Housing Finance net up 2% at ₹539 cr

LIC Housing Finance reported a muted 2 per cent net profit growth of ₹539 crore in the fourth quarter ended March 31, 2018, against ₹529 crore in the year-ago quarter

The Board of Directors of the company approved dividend at the rate of 340 per cent, or ₹6.80 per equity share of ₹2 each for financial year 2017-18.

For the financial year ended March 31, 2018, net profit nudged up 3 per cent to ₹1,990 crore against ₹1,931 crore in FY2017.

In the reporting quarter, total income, including other income, rose 7 per cent year-on-year (y-o-y) to ₹3,934 crore (₹3,662 crore in the year-ago quarter).

Total expenses, including finance cost, establishment and employee benefits, increased by 8 per cent y-o-y to ₹3,095 crore (₹2,856 crore).

Net interest margin for the reporting quarter declined to 2.49 per cent against 2.97 per cent in the year-ago quarter.

According to a company statement, during the reporting quarter, total loan disbursements increased 15 per cent y-o-y at ₹17,402 crore. Of that, disbursements in the individual home loan segment registered a 17 per cent growth y-o-y at ₹10,838 crore, whereas total disbursements in project loans were up 84 per cent y-o-y at ₹2,266 crore.

As at March-end 2018, the loan portfolio increased by 15 per cent y-o-y to ₹1,66,363 crore against ₹1,44,534 crore as of March-end 2017.

As of March-end 2018, gross non-performing assets rose to 0.78 per cent of loans against 0.43 per cent as at March-end 2017.

Shares of LIC Housing Finance closed at ₹550.20 apiece, up 1.86 per cent over the previous close on the BSE. The company's financial results were declared after market hours.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY