



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
(Affiliated to All India Bank Pensioners & Retirees Confederation – AIBPARC)
163/4, Kutchery 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
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Dear Comrades,

26th April, 2018

News of Interest 26th APR

MOTIVATIONAL QUOTES

WE MUST NOT ALLOW OTHER PEOPLE'S LIMITED PERCEPTIONS TO DEFINE US.

VIRGINIA SATIR

HIGHLIGHTS

- 1. BANK CREDIT GROWS 12% TO RS 85 TRILLION IN FORTNIGHT ENDED APRIL 13: RBI**
- 2. FRAUD-HIT PNB TO HIRE DETECTIVE AGENCIES TO LOCATE UNTRACEABLE BORROWERS**
- 3. NCLT RESERVES ORDER IN UNION BANK'S INSOLVENCY PLEA AGAINST ERA INFRA**
- 4. LEVY ON FREE SERVICES: BANKS TO ASK GOVERNMENT TO RECALL TAX DEMAND**
- 5. PROMOTION FOR TOP-LEVEL MANAGERS AT SBI**

Business Standard

1. Bank credit grows 12% to Rs 85 trillion in fortnight ended April 13: RBI

In the previous fortnight ended March 30, 2018, banks loans grew by 10.32% to Rs 86.5 trillion

Press Trust of India

Banks' credit rose 11.52 per cent year-on-year to Rs 85 trillion (Rs 84,78,459 crore) in the fortnight ended April 13, the Reserve Bank of India (RBI) data showed.

In the same period ended April 14, 2017, banks advances were at Rs 76 trillion (Rs 76,01,970 crore).

In the previous fortnight ended March 30, 2018, banks loans grew by 10.32 per cent to Rs 86.5 trillion (Rs 86,50,714 crore) from Rs 78.4 trillion (Rs 78,41,466 crore) in the period ended March 31.

Deposits grew at 7.96 per cent to Rs 114 trillion (Rs 113,77,729 crore) in the period ended April 13, as against Rs 10.54 trillion (Rs 105,38,304 crore) in the year-ago fortnight, according to the data.

In the fortnight ended March 30, the deposits had increased by 6.66 per cent to Rs 114 trillion (Rs 114,74,989 crore) from Rs 107 trillion (Rs 107,57,656 crore) in the year-ago period.

In February 2018, non-food bank credit increased by 9.8 per cent on a year-on-year basis as against an increase of 3.3 per cent in February 2017.

Credit to agriculture and allied activities increased by nine per cent in February 2018, same as in February 2017.

2. Fraud-hit PNB to hire detective agencies to locate untraceable borrowers

The Delhi-headquartered bank has been at the receiving end of the over Rs 130 billion fraud involving diamond merchants Nirav Modi and Mehul Choksi Press Trust of India

Fraud-hit Punjab National Bank (PNB) has invited applications for empanelment of detective agencies to locate its untraceable borrowers as it looks to "significantly" supplement efforts to recover bad loans which surged to Rs 575.19 billion at December end.

In its efforts to recover NPAs, the PNB has also resorted to 'Gandhigiri' wherein its staff hope to 'name and shame' defaulting borrowers to recover up to Rs 1.5 billion worth bad loans every month.

The Delhi-headquartered bank has been at the receiving end of the over Rs 130 billion fraud involving diamond merchants Nirav Modi and Mehul Choksi.

PNB today invited applications to empanel detective agencies with an aim to "significantly supplement efforts of the field officials in recovering bank's dues in NPA accounts by utilising services of the detective agencies", it said.

Interested parties have been asked to file applications and relevant documents by May 5.

All NPA accounts (sub-standard, doubtful and loss category) would be allocated to detective agencies for gathering information required by the bank.

Services of detectives will be hired to locate the borrower(s)/co-borrower(s)/guarantor(s)/ mortgagor(s), (in/outside India) including their legal heirs who are either untraceable or not available at the addresses given in bank's records.

The selected agencies will have to ascertain latest information about defaulters present address, occupation, business, income streams, details of their all assets, among other things.

They will also have to find out details of bank accounts maintained by the defaulting borrower/guarantor, including their legal heirs. Agencies will be given a maximum 60 days for submission of report, which may be extended to 90 days in emergent circumstances keeping in view complexity of the case.

PNB, which is the country's second largest state-run lender after SBI, had gross non-performing assets (NPAs) of Rs 575.19 billion or 12.11 per cent of gross advances as of December 2017.

Financial Express

3. NCLT reserves order in Union Bank's insolvency plea against Era Infra

The National Company Law Tribunal (NCLT) on Wednesday reserved its order on Union Bank of India's insolvency petition against Era Infra Engineering, which defaulted on paying Rs 681.04 crore in term loans and \$11.97 million in ECBs, as on May 31, 2017, to the public sector lender

By: FE Bureau

The National Company Law Tribunal (NCLT) on Wednesday reserved its order on Union Bank of India's insolvency petition against Era Infra Engineering, which defaulted on paying Rs 681.04 crore in term loans and \$11.97 million in ECBs, as on May 31, 2017, to the public sector lender.

A consortium of 22 lenders led by Union Bank had filed the plea against the city-based firm under Section 7 of the Insolvency and Bankruptcy Code (IBC) in the NCLT's principal bench here in June last year. Barring Era Infra, all other 11 troubled companies including Essar Steel and Bhushan Steel referred by lenders to NCLT, as per the Reserve Bank of India's June 13 directive last year, have already been admitted and are under various stages of resolution process.

Arguing in favour of admission, Union Bank's counsel Nesar Ahmad said though a Corporate Debt Resolution (CDR) mechanism was provided to the company back in 2013, it failed to keep its commitment. On June 22, 2015, Era's account with Union Bank was classified as non-performing asset (NPA) and thereafter, over the next few months, its accounts became NPA with all other lenders.

"In view of default on part of the corporate debtor in paying banks' dues since past two years, the lenders decided in June, 2017 to file an application with NCLT under the IBC," Ahmad said.

As per the IBC, creditors (both financial and operational) and debtors among others, upon payment default of a minimum of Rs 1 lakh, can refer the defaulted firm to the NCLT seeking insolvency proceedings.

Era Infra's counsel Kapil Sankhla countered the lender's plea saying that various government agencies owe around Rs 12,000 crore to the company which could be used to pay off the lenders.

"We only want to help the lenders. Our intention is to rehabilitate the company and maximise the assets," he said.

However, a two-member NCLT bench, headed by justice M M Kumar, did not buy the argument, saying, "Even if you say that you will be able to get three times, four times or 10 times more of the default, we won't be able to help." It reserved the order after concluding the hearings from both sides.

According to its website, Era's total debt, at the end of March, 2016, stood at Rs 10,065 crore. It reported a net loss of Rs 1,295 crore on the back of Rs 1,211 crore in revenues in FY17.

Economic Times

4. Levy on free services: Banks to ask government to recall tax demand

By Joel Rebello Sachin Dave

The Indian Banks' Association is planning to lobby the government against an arbitrary tax notice which seeks to extract as much as Rs 40,000 crore from the country's banks.

In a notice served earlier this month, all banks were asked to pay service tax, penalties and interest on free services offered to customers. ET was the first to report the move in its April 24 edition. The demand is retrospective with a 12% service tax claimed since 2012, 18% interest on the amount and a 100% penalty.

"The association has already met once on the issue and has been empowered to take it up with the government," State Bank of India's chief financial officer Anshula Kant told ET. "The notice imputes a value to every free service rendered by the bank which is not possible. Besides, they also want to do it retrospectively, which is difficult to say the least."

The notice has come as a bolt from the blue for an industry already reeling under an enormous amount of bad loans. Banks' financials are so shaky that even the regulator eased norms for provisioning for some losses.

'DEMAND PURELY HYPOTHETICAL'

In such a scenario, the industry feels that it would be unable to bear thousands of crores of tax liability on services on which they did not even earn a fee.

Every bank has different slabs of minimum balance which get certain free services depending on the deposits held, like additional ATM withdrawals or additional credit card among others. The tax department is claiming that these free services also have a transactional value as these are used as a barter to entice customers and service tax is payable on these.

Bankers say that demand is frivolous and could create chaos in the industry. "Can any service that is promised as free be taxed?" asked a banker with a multinational bank. "This issue has hit us out of the blue and we will have to pass the cost to the customers. If customers have to pay tax then you can imagine the impact."

Right now, only service tax has been demanded on these transactions. According to a tax expert this issue could also percolate to goods and services tax. Tax experts said the demand by DGGST is purely deemed and hypothetical.

“The demand as also the evasion charges appear to be incomprehensible and without any justifiable basis. One should not lose sight of the fact that it has almost taken the investigating agency nearly four years to conclude its investigation and issue notices. Since the litigation in such issues may be a long drawn, costly and uncertain affair, finance ministry and CBIC (Board of Indirect Taxes and Customs) should intervene and issue suitable clarifications after examining the issue threadbare and in consultation with all the stakeholders,” said advocate Shailesh Sheth of SPS Legal.

Bankers point out to the government’s doublespeak on asking banks to provide free services on one side and then taxing it from the other. “There seems to be no logic to this demand. It looks like it will not be pressed on but the IBA and banks are still seeking clarifications. The government will be wary of the public outcry this could generate,” said a banker.

The tax is being calculated after considering 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. “The issue has serious implications for the banking sector as the demand, if confirmed, can adversely affect banks’ profitability,” Sheth from SPS Legal said.

Business Line

5. Promotion for top-level managers at SBI

OUR BUREAU

State Bank of India has strengthened its top-level management by promoting nine Chief General Managers to the level of Deputy Managing Directors.

The Chief General Managers (CGMs) who have become Deputy Managing Directors (DMDs) are: Anil Kishora, Ramesh Babu Boddu, PN Prasad, Sujit Kumar Varma, Sanjeev Nautiyal, DA Tambe, Hardayal Prasad, Partha Pratim Sengupta, and Challa Srinivasulu Setty.

Following the elevation of the above-mentioned senior officers and expected superannuation of a few CGMs, India’s largest bank has called about 60 General Managers for interview early next month to fill about 20 CGM vacancies.

Excluding the newly-promoted DMDs, SBI has 14 DMDs at the corporate centre. SBI Capital Markets and SBI Life Insurance are also headed by SBI officers of DMD rank.

After the elevation of Rajnish Kumar as Chairman of SBI in October 2017, one Managing Director’s position has fallen vacant. The bank currently has three MDs – B Sriram, Parveen Kumar Gupta and Dinesh Kumar Khara. A fourth MD is expected to be appointed soon.

SBI has 28 CGMs at the corporate centre. Besides, the 16 local head offices – Ahmedabad, Andhra Pradesh (new), Bengaluru, Bhopal, Bhubaneswar, Chandigarh, Chennai, Delhi, Jaipur (new), Kolkata, Lucknow, Mumbai,

North-East, Patna, Telangana, and Thiruvananthapuram – are headed by CGMs.

With kind regards,

Yours Comradely,

A handwritten signature in blue ink, appearing to read 'N. Govindrajulu', with a long, sweeping horizontal stroke extending to the right.

(N. GOVINDRAJULU)
GENERAL SECRETARY