



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
(Affiliated to All India Bank Pensioners & Retirees Confederation – AIBPARC)

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Dear Comrades,

14 th August , 2018

News of Interest 14th AUG

QUOTE OF THE DAY

'TRUE INDEPENDENCE AND FREEDOM CAN ONLY EXIST IN DOING WHAT'S RIGHT. '

BRIGHAM YOUNG

HIGHLIGHTS

1. PNB FRAUD: GOVT SACKS USHA ANANTHA SUBRAMANIAN AS ALLAHABAD BANK CHIEF
2. SUKTHANKAR'S EXIT NOT LINKED TO SEARCH FOR MY SUCCESSOR: ADITYA PURI
3. SINCE SIGNING OF ICA: PSBS PUT NPAS WORTH RS 8,706 CR UP FOR SALE
4. NATIONAL PENSION SCHEME TO BECOME COMPULSORY FOR NEW RRB EMPLOYEES
5. VEHICLES OF SAME MAKE, MODEL WILL BE VALUED THE SAME BY ALL INSURERS

Business Standard

1. PNB Fraud: Govt sacks Usha Anantha subramanian as Allahabad Bank chief

Anantha subramanian was MD and CEO of PNB between August 2015 and May 2017 and served as ED at the bank between July 2013 and November 2013

Somesh Jha & Namrata Acharya

Allahabad Bank Managing Director (MD) and Chief Executive Officer (CEO) Usha Anantha subramanian was sacked by the Union government on Monday -- her last day at work before retirement -- for her alleged involvement in the Rs 143-billion Punjab National Bank (PNB) fraud.

In its order, the government said the dismissal action against Ananthasubramanian was taken for "failing to exercising proper control over the functioning of PNB while serving as its MD and CEO". It said SWIFT, an international messaging system used by

banks to sanction loans, was also misused. This enabled the fraud to persist over several years.

The government's notification for dismissal of her services came after the Central Bureau of Investigation (CBI) sought its sanction for prosecution in the fraud case. Terminating her service is the highest form of action against a public servant. Though it was her last day at work, Ananthasubramanian will not enjoy any retirement benefits, a government official said.

On her last day at work as MD and CEO of Allahabad Bank, Ananthasubramanian had a rather unceremonious exit. Minutes before her planned farewell function at the bank by the employees, she left the bank premises abruptly as news of her dismissal broke.

The government has also given its sanction to the CBI to prosecute Executive Director (ED) Sanjiv Sharan, a finance ministry official said. Though the CBI has sought permission to prosecute another accused in the case, PNB ED K V Brahmaji Rao, the government is yet to take a call on it. It will soon issue orders to dismiss Sharan from service, the official added.

Separately, the Reserve Bank of India (RBI) is also going to file a criminal case against Ananthasubramanian, Sharan, and former PNB ED Ram S Sangapure, exercising its power under the Banking Regulation Act, 1949, for their involvement in the PNB fraud. The RBI had conducted its own enquiry into the case, in which loans were fraudulently issued, using letters of undertaking (LoUs), over seven years between 2011 and 2017 to a group of diamond companies owned by Nirav Modi and Mehul Choksi.

Ananthasubramanian was divested of her functional powers around mid-May this year. However, 10 days later, she had joined back, albeit bereft of all functional powers. Over the past few months, all important decisions were being taken by N K Sahoo and S Hari Shankar, the two EDs of the bank. Ananthasubramanian was also absent during the annual general meeting of the bank last month, which was presided over by Sahoo.

Ananthasubramanian was MD and CEO of PNB between August 2015 and May 2017 and served as ED at the bank between July 2013 and November 2013. The Rs 143-billion fraud at PNB took place between 2011 and 2017.

"The government has also given consent to the RBI to take action against Ananthasubramanian, Sharan, and Sangapure. The RBI did not seek permission to take action against Rao. For prosecuting public servants, prior permission from the government is required," another finance ministry official said.

During Ananth Subramanian's tenure as MD and CEO, one of the unconventional decisions the bank took was to tap the bank employees to raise capital through employee stock purchase schemes. The bank could raise about Rs 3.15 billion from the issue.

According to the CBI's charge sheet, submitted in Mumbai special court of the CBI in May this year, PNB's top officials, including Ananthasubramanian, Rao, and Sharan, did not implement the circular and action notices issued by the RBI in 2016 on safeguarding SWIFT operations.

Reconciliation of SWIFT messages was not done despite repeated circulars and the top bank officials "misrepresented the factual position on LoUs" to the RBI, the CBI had noted. The officials also failed to prevent the fraud despite being aware of its modus operandi, according to the CBI.

2. Sukthankar's exit not linked to search for my successor: Aditya Puri

Sukthankar was considered the most likely successor to HDFC Bank Managing Director Aditya Puri, who retires in October 2020

Nikhat Hetavkar

HDFC Bank's Deputy Managing Director (DMD) Paresh Sukthankar's shock resignation on Friday has increased the talks of finding a successor for Managing Director (MD) Aditya Puri.

Sukthankar was considered the most likely successor to Puri, who retires in October 2020. Puri, while addressing a concall, said the exit was not linked to search for the MD's successor. He also said that he did not delve into the reason for the exit on Sukthankar's request. "The board and I will put right people in place in 10-15 days," Puri said.

However, there wouldn't be a role of DMD at HDFC Bank following Sukthankar's exit. "The DMD role was created for Paresh Sukthankar valuing his contribution," said Puri.

Puri said Sukthankar was a contender for the post of MD but they were also looking at both internal and external choices. The bank still had internal candidates that it was considering for succeeding Puri, he said.

In the last few months, the HDFC Bank has been vocal about its succession plan, and how it wants a smooth transition.

"The process (of finding my successor) will begin 18 months before the end of my term and my successor will be put 12 months before my term ends," said Puri.

He said that Sukthankar's exit, though 'graceful', was a "shock and loss to the bank", but added that the exit would not affect the daily functioning of the bank.

Puri also stressed how the management was not an indispensable part of the bank. "Seventy-five per cent of my succession is already baked in," he said.

Currently, Sukthankar oversees the banks' credit and risk management departments as well as finance and human resources. He was appointed to the post of deputy managing director in March 2017. He will be serving the 90-day notice period, effective from August 10," the bank said in a filing to the exchanges.

The private lender also said that it would focus on the India market as it wants to cement its position here.

Financial Express

3. Since signing of ICA: PSBs put NPAs worth Rs 8,706 cr up for sale

PSBs have put on sale NPAs worth Rs 8,706 crore since the signing of the ICA on July 23, implying that they will continue to look for other ways to palm off exposures to bad loans unilaterally and make quick cash recoveries

By: Shritama Bose | Mumbai

Public-sector banks (PSBs) have put on sale non-performing assets (NPAs) worth Rs 8,706 crore since the signing of the inter-creditor agreement (ICA) on July 23, implying that they will continue to look for other ways to palm off exposures to bad loans unilaterally and make quick cash recoveries. All PSBs have signed the ICA.

Indeed, if NPA sales by lenders who have not signed the ICA were considered, the cumulative outstanding's on sale would stand at Rs 20,810 crore. While IFCI has put loans worth Rs 11,042 crore on sale, Axis Bank has sought buyers for exposures worth Rs 1,062 crore.

State Bank of India (SBI) recently sought buyers for two accounts with a total outstanding of `2,490 crore. The accounts are Bombay Rayon Fashions (`2,261 crore) and Shivam Dhatu Udyog (`229 crore). Importantly, the bank intends to make 93.34% cash recovery from the first account and a full cash recovery from the second. Bidding for the two accounts will be held on August 20.

Bank of India (BoI) on Monday sought bids for 50 accounts with an aggregate outstanding of `5,558 crore on a 100% cash basis. The list includes BoI's exposures to Dighi Port (`273 crore), Korba West Power (`240 crore), Lavasa Corporation (`328 crore), Sakthi Sugars (`161 crore) and Visa Power (`146 crore). Expressions of interest (EoIs) must be sent in by Tuesday.

"After receipt of indicative bids from the intending buyers, wherever required, the bank will run the process under Swiss challenge method for those specific accounts, which will be intimated to all the participating investors not later than one day before the day of e-bidding," BoI said in a public notice. The e-bidding is scheduled for September 3 and will be held on September 10 in case of extended due diligence.

On Monday, Dena Bank also put on the block 87 NPA accounts with a total outstanding of `659 crore. The names and amounts outstanding for each individual account could not be immediately ascertained. Dena will make the sale on either cash basis or through a mix of cash and security receipts (SRs). E-bidding for the accounts will be held on September 5.

Banks selling piecemeal exposures to mid-sized accounts gains significance in the light of certain clauses within the ICA. Under the terms of the ICA, in case a lender dissents to the resolution plan agreed upon by 66% of the members of a lending consortium, the lead lender shall have the right to arrange for buyout of the facilities of the dissenting lender at a value that is equal to 85% of the lower of liquidation value or resolution value. This was expected to enforce unanimity among lenders to ensure quick resolution of stressed accounts. However, as banks continue to sell their respective bad-loan exposures, that objective may already have been undermined.

Economic Times

4. National Pension Scheme to become compulsory for new RRB employees

By Atmadip Ray

The government is all set to make National Pension Scheme compulsory for new regional rural bank employees.

The defined contribution pension scheme will come into place for employees joining after March 31 this year, two people familiar with the development said.

The Department of Financial Services (DFS) has finalised it Monday at a meeting with senior officials of National Bank for Agriculture & Rural Development and nationalised banks, which own 50% in RRBs.

NPS is already in place for nationalised bank employees since April 2010.

The defined contribution scheme is launched in January 2004 for government employees. It was opened to public in 2009. Subscribers can opt for investing in fixed deposits or liquid funds or can choose equity investment up to 50% of their corpus.

DFS has also finalized the modalities for the pending pension scheme for existing RRB employees and retirees. It has decided that people who were in service as on September 1, 1987 will be eligible for pension at par with nationalized banks.

RRB employees, which were fighting for pension parity for the past two decades, received a verdict by Supreme Court in their favour in April this year.

They will get pension will affect from April this year but decision on arrears prior to April is yet to be taken, sources said. Officials of a dozen nationalized banks and chairmen of four RRBs attended the meeting.

It has also been decided that RRBs will pay pension from their working capital till a structured pension fund or trust is created as per provision of Pension Regulations.

About 27,000 retired RRB employees will start getting pension now. Earlier they used to get a measly pension payment (anything between Rs 1000 and Rs 2500 a month) from Regional Provident Fund Commissioner. Pensioners will have to refund payment made by the RPF from April.

The rate of basic pension will be 50% percent of the average pay as defined in pension scheme for full time employees. Accordingly, a person who used to draw Rs 2500 from RPF will now receive Rs 35000 a month, senior RRB employees said.

Business Line

5. Vehicles of same make, model will be valued the same by all insurers

Soon, vehicle owners renewing their auto insurance policies will no longer need to ascertain which insurer offers the highest insured value for their set of wheels.

From October 1, all non-life insurers will assess the worth of vehicles using the same parameters, and offer a uniform insured value — so customers just have to compare insurer quotes on the basis of premium payable.

In effect, this would mean that a car of a particular make and model would have a standard sum assured, or current market price across insurers. The premium is based on this value and is used to compensate vehicle owners in case of theft, accident or loss. "We are standardising insured declared values across the industry for motor insurance. All insurers would give the same value for any particular car," said R

Chandrasekaran, Secretary-General, General Insurance Council, adding that some insurers had already done it, while others were expected to do so by September-end. At best, there could be a five per cent variation in the insured declared value of vehicles between insurers, he said. However, the premium could differ based on accessories and add-ons that a vehicle owner may choose to include as part of the policy.

According to Chandrasekaran, the move would not only help customers but also benefit the industry. "Often, people do not realise the importance of the insured value until they file a claim. They may choose an insurance policy as the premium is low, not understanding that the value of the car has also been kept lower," he said.

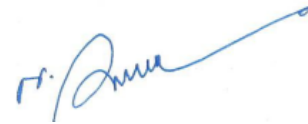
At the same time, the industry also loses premium. "We don't want the sum insured to become a competitive element in the industry," he contended.

Third-party motor insurance is a compulsory requirement for all vehicle-owners. Often, people also opt for their own damage insurance. Motor insurance is a key business for general insurers, accounting for over 40 per cent of their revenues.

According to industry data, ₹15,074 crore of gross direct premium income underwritten by non-life insurers came from this segment in the first quarter of this fiscal.

With kind regards,

Yours Comradely,



N. GOVINDRAJULU)
GENERAL SECRETARY