



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

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Dear Comrades,

20 th August , 2018

News of Interest 20th AUG

MOTIVATIONAL QUOTES

'A GOOD TEACHER CAN INSPIRE HOPE, IGNITE THE IMAGINATION, AND INSTILL A LOVE OF LEARNING.' BRAD HENRY

HIGHLIGHTS

1. BANK OF INDIA PUTS ON SALE 50 CORPORATE NPAS WITH RS 55.57 BN OUTSTANDING
2. PARLIAMENTARY PANEL CALLS EX-RBI GOVERNOR RAGHURAM RAJAN TO BRIEF ON MOUNTING NPAS
3. BAD LOANS: MAKE PRE-SANCTION PROCESS MORE DILIGENT, RBI OFFICIAL TELLS BANKS
4. PSBS' EARNINGS WILL REFLECT IMPACT OF REFORMS IN NEXT TWO QUARTERS: FINANCIAL SERVICES SECRETARY
5. SBI ANNOUNCES TEMPORARY WAIVER OF CHARGES ON TRANSACTIONS IN KERALA

Business Standard

1. Bank of India puts on sale 50 corporate NPAs with Rs 55.57 bn outstanding

The aim is to conclude the sale before the end of September to get the benefit of reduction in NPAs and better recoveries in the second quarter

Abhijit Lele

Public sector lender Bank of India (BoI) has put on sale 50 corporate non-performing assets (NPAs) with outstanding of Rs 55.57 billion in a bid to clean up books.

The bank's executives said the bad loans were being offered for sale on "100 per cent cash basis" only. The aim is to conclude the sale before the end of September to get the benefit of reduction in NPAs and better recoveries in the second quarter (Q2 FY19).

The Mumbai-based lender is under the Reserve Bank of India's prompt corrective action (PCA) framework due to high rate of bad loans. PCA puts certain restrictions on lending while implementing a turnaround plan. The bank was trying to sell non-core assets and in Q2 would see better realisation of assets through sale to asset reconstruction companies (ARCs).

The bank has identified around Rs 80 billion worth of stressed assets for sale to ARCs.

The lender showed some improvement in its asset quality in absolute terms, even as the NPA percentage went up marginally owing to contraction in advances. Gross NPA in absolute terms was at Rs 606.04 billion at the end of June 2018, against Rs 623.28 billion in the March quarter. In terms of gross NPA ratio, it was at 16.66 per cent in the June quarter, against 16.58 per cent in the previous quarter.

The asset quality deteriorated in FY18, particularly in Q4 FY18, due to discontinuance of all the earlier schemes for the resolution of stressed assets leading to their slipping into NPAs. The bank witnessed Rs 39 billion worth of write-offs from its books after making full provisions against these loans, but recovery efforts in these accounts will continue, executives said. The bank has on board a non-discriminatory One-Time Settlement Scheme called 'Mission Samaadhan' for quick resolution of NPAs.

Rating agency Icria said the bank's profitability was expected to remain weak in FY19 on account of elevated credit provisions driven by the high level of net NPAs. The bank posted a net profit of Rs 950 million in the Q1 of FY19, against Rs 880 million in the same quarter last financial year.

The bank had a stressed assets exposure of Rs 120 billion (Rs 3.2 per cent of gross advances). They consist of stressed standard restructured advances and special mention accounts, which remained unpaid for 60-90 days as on March 31, 2018.

Given the high amount of stressed exposure, the bank's asset quality is expected to remain weak in FY2019, Icria said.

Financial Express

2. Parliamentary panel calls ex-RBI governor Raghuram Rajan to brief on mounting NPAs

A parliamentary committee looking into the issue of mounting NPAs has asked ex-RBI Governor Raghuram Rajan to appear before it

By: [PTI](#) |

A parliamentary committee looking into the issue of mounting non-performing assets (NPAs) has asked former RBI Governor Raghuram Rajan to appear before it and brief on the matter.

Rajan was invited after former Chief Economic Advisor (CEA) Arvind Subramanian praised him before the Parliament's Committee on Estimates, headed by veteran BJP leader Murali Manohar Joshi, for identifying the NPA crisis and trying to resolve it.

Joshi has written a letter to Rajan asking to appear before the panel and brief the members on the issue of mounting NPAs, a source said.

Rajan, who was RBI governor for three years till September 2016, is currently the Katherine Dusak Miller Distinguished Service Professor of Finance at Chicago Booth School of Business.

The letter has been written to Rajan after Subramanian credited him for identifying the problem, the source said.

Subramanian appeared before the panel last month as CEA and briefed it on the bad loans issue. During his submission, he expressed scepticism over the handling of the NPAs and indicated that big-ticket loans by public sector banks were influenced.

However, he did not elaborate who and how the approvals were influenced. Subramanian also said there was an environment of fear among the bankers and they were reluctant to lend, besides retail lending.

The panel has already questioned senior finance ministry officials, including Finance Secretary Hasmukh Adhia and top brass of banks, about rising bad loans.

Members of the panel also demanded various documents including minutes of the board meetings of the public sector banks, in which high-ticket value loans were approved.

The banking sector is grappling rising non-performing assets, which touched Rs 8.99 trillion or 10.11 per cent of the total advances at December-end 2017.

Of the gross NPAs, the public sector banks accounted for Rs 7.77 trillion.

The rising number of banking frauds has also become a serious cause of concern.

3. Bad loans: Make pre-sanction process more diligent, RBI official tells banks

A senior central bank official today asked banks to work very hard to strengthen their risk management system

By: PTI

A senior central bank official today asked banks to work very hard to strengthen their risk management systems so that they can critically review their credit risks management processes. Banks, led by the public sector lenders, are fighting a record pile up of bad loans, which as of March 2018 had crossed 11.6 per cent of the system, and the central bank fears that it may rise by 100 bps more, in the best case scenario, by March 2019.

"Pre-sanction appraisal needs to be really taken to another level. It has to be more conservative and requires very careful debt-equity mix which is not compromised going forward," Sudarshan Sen, an executive director at the Reserve Bank said here.

Addressing a CII-organised industry event on the insolvency process, Sen said complying with loan covenants is another area where we have seen a lot of deviation from what was agreed up on at the time of loan sanction and such deviations have resulted in the deterioration of the credit quality.

One of the areas which the central bank has been emphasising is making the banks identify stress early, Sen said and pointed out that picking up the early warning signals and taking early corrective actions coupled with adopting a transparent restructuring mechanism is the way forward, "so that we preserve the economic value of such accounts."

Economic Times

4. PSBs' earnings will reflect impact of reforms in next two quarters: Financial Services Secretary

By Dheeraj Tiwari

No ATM will be replenished with cash after 9 pm in cities and 6 pm in rural areas from next year even as two armed guards will accompany crisp notes in transit as per a new directive issued by the Home Ministry.

The deadline for putting money in the ATMs located in Naxal-hit areas is 4 pm while private cash handling agencies must collect money from the banks in the first half of the day and transport notes only in armoured vehicles.

In a notification, the Home Ministry said the new Standard Operating Procedures (SoPs) would come into effect from February 8, 2019 in view of the spurt in incidents of attacks on cash vans, cash vaults, ATM frauds and other internal frauds leading to increased sense of insecurity.

There are over 8,000 privately owned cash vans plying across the country, operated by non-bank private agencies, and they handle over Rs 15,000 crore daily on behalf of banks.

Sometimes, the private agencies keep currency overnight at their cash vaults.

"No cash loading of the ATMs or cash transportation activities shall be done after 9 pm in urban areas, after 6 pm in rural areas and before 9 am or after 4 pm in the districts notified by the central government as Left Wing Extremism affected areas," the notification said.

The agencies shall provide private security for the cash transportation with the requisite number of trained staff, every cash van shall have one driver, two armed security guards, two ATM officers or custodians.

One armed guard must sit in the front along with the driver and another in the rear portion of the van while in transit.

During loading or unloading, nature's call, tea or lunch break, at least one armed security guard shall remain present with the cash van all the time.

The ex-serviceman, otherwise eligible, may preferably be appointed for providing security for cash transportation.

Every cash transportation shall be carried out only in secured cash vans fitted with GPS tracking device and it must be ensured that no cash van carries cash of more than Rs 5 crore per trip.

No private security agency shall appoint anyone for the cash transportation unless the person has undergone thorough antecedent check like police, Aadhaar and residence verifications, previous employer check, credit history check and fidelity insurance.

Each of the cash boxes shall be secured to the floor with separate chains and locks that can be opened only by using separate keys kept with different custodians.

The cash van shall be provided with a small CCTV system with at least five days recording facility and three cameras installed in front, rear and inside of the cabin.

A security alarm with GSM based auto-dialer shall be provided with a motorised siren.

The cash van shall be equipped with hooter, fire extinguishers and emergency lights to ensure quick reaction in case of an attack.

The private security agency will ensure that all cash handling, including counting, sorting, and bundling activities shall be carried out in secured premises in accordance with specific guidelines.

The premises shall be designed to include two physically independent areas, one for general office purpose and other for secured cash processing and handling activities and it shall accommodate space for cash deposit, collection, sorting, counting and delivery and dispatch of cash on secured cash vans.

Business Line

5. SBI announces temporary waiver of charges on transactions in Kerala

OUR BUREAU

State Bank of India on Saturday announced a temporary waiver of various charges and fees on banking transactions in flood ravaged Kerala. The waiver extends to processing fees for any loan relating to flood relief measures, charges for issuing duplicate passbooks, ATM cards, cheque books and late payment fees on EMI.

Further, all charges on remittances to the Chief Minister's Distress Relief Fund (including NEFT/ RTGS remittances from other banks) and charges on non-maintenance of minimum balance from proceeds of relief fund provided by the Government and agencies, are to be put on hold. If any such charges are recovered, the same would be refunded.

India's largest bank has also announced relief measures to support the flood affected people: Xpress credit to existing account holders with relaxed norms (for one month's consumption), and deployment of cash @ PoS to

meet daily cash requirements across the state (customers will be able to avail of Rs 2,000 to meet expenses for basic needs).

As part of the relief measures, the bank said individuals who have been displaced and lost personal documents can open small accounts with a photograph and signature/ thumb impression.

"All efforts are being made to restore flood-affected ATMs and branches, to make them operational at the earliest. The bank is also working on the possibility of starting operations through temporary premises after taking stock of the overall situation," it said.

SBI, in a statement, said it has made a commitment of Rs 2 crore to the Chief Minister's Distress Relief Fund (CMDRF) for the flood affected regions in Kerala. In addition, the bank is encouraging its 2.7 lakh employees to make contributions to the best of their capacities. To support this initiative, the bank would match the amount collected by its employees and donate the same to CMDRF.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)
GENERAL SECRETARY**