



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

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Dear Comrades,

13th December, 2018

News of Interest 13th DEC

MOTIVATIONAL QUOTES

“WHATEVER YOU VIVIDLY IMAGINE, ARDENTLY DESIRE, SINCERELY BELIEVE, AND ENTHUSIASTICALLY ACT UPON... MUST INEVITABLY COME TO PASS”

PAUL J. MEYER

HIGHLIGHTS

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Business Standard

1. BJP's loss of Hindi belt to Rahul's new image: 7 poll result takeaways

Electoral contests in the immediate future won't be sure-fire saffron walkovers. Each seat in every state could witness tough fights

[Abheek Barman | The Wire](#)

The winter of 2018 has sent a chill up the Bharatiya Janata Party's (BJP's) spine, and Christmas has come early for the 133-year-old Congress party. At the time of writing, it looks as though in Rajasthan, Chhattisgarh and Madhya Pradesh, the incumbent BJP regimes have been toppled by the Congress in head-to-head contests.

Telangana, one of India's youngest states, has elected nativist Telangana Rashtra Samithi (TRS) and a decade-old Congress government has been

dislodged by rival Mizo National Front (MNF) in Mizoram. Bottom-line 2018: Congress 3, Others 2, BJP 0.

This is a turn of the screw from the relentless triumphalism of the BJP: Suddenly voters seem to have woken to a wider range of political choices beyond Prime Minister Narendra Modi and party boss Amit Shah. Electoral contests in the immediate future won't be sure-fire saffron walkovers: each seat in every state could witness tough fights.

Here are the major takeaways from the winter polls.

One, BJP's losses in its Hindi strongholds show that the carefully-crafted image of Modi-Shah as election-winning geniuses, is bust. This isn't for lack of trying. Both campaigned with relentless toxicity, pitching these elections as a contest between Modi and Congress president Rahul Gandhi, rather than an exercise to vote in different state governments.

Two, Congress has more than doubled the number of big states where it holds power: from two (Karnataka and Punjab) to five. Apart from boosting morale, an important ingredient for a party which has lived with disappointments for much of three years, this outcome might boost campaign finance for summer's general elections.

Three, the image of Rahul Gandhi, widely spread by BJP's propaganda machine, as an entitled ('naamdar'), hapless and lazy 'Pappu' might turn around. BJP's spin-meisters will need to ask how a mere Pappu could beat mighty Modi-Shah on their turf. In the future, it might not be a great idea for the BJP to pitch contests as personalised slugfests.

Four, voters have punished BJP regimes for administrative incompetence and callous policymaking. The roots of these defeats can be traced back to Modi's bewildering decision to destroy 86% of currency in circulation overnight, announced November 8, 2016.

In a country where 98% of all transactions are conducted in cash, where 93% of the workforce operates in the 'unorganised', cash-only sector and formal banking is spread thin on the ground, Modi's 'notebandi' hit the poor where it hurts most.

A landslide victory in Uttar Pradesh in early 2017 convinced BJP strategists that demonetisation was a killer electoral app. There is evidence that UP's poor were misled to vote BJP by a feeling of schadenfreude – happiness at the misery of others. But by the beginning of this year, that warm glow had been replaced by seething anger.

Between January and November, by-elections were conducted in 13 assembly and Lok Sabha seats in seven states. Of these, Congress won three seats, its allies won five, BJP topped only two and in seven seats its incumbent netas lost to other parties. While it's a mistake to pin too much significance on by-poll outcomes, the trend hinted at in these isolated contests across India has been reinforced by the outcome in five state elections.

Five, speaking to the media immediately after results came in, Trinamool Congress chief and Bengal chief minister Mamata Banerjee attributed BJP's loss to its overweening 'arrogance'. There's more than a grain of truth in her

observation. Modi runs the administration from Delhi as his personal fief; his cabinet is populated by people who wield zero authority in the ministries they head. Senior bureaucrats run to and from the prime minister's office carrying instructions and files. This appalling centralisation of power, bolstered by a Shah-led party which dares not speak truth to Modi, has met its comeuppance at the polling booth.

Modi rushes to appropriate credit for everything that seems to be going right. He is equally quick to disown blunders, like the disastrous fallout of notebandi, a haphazardly implemented goods and services tax (GST) and violence unleashed by his bhakts in the name of protecting cows, caste privilege or Hindu 'chastity', from the clutches of minorities.

Six, given the blunders and policy flops of the Modi regime, the BJP is rapidly running out of themes to run a campaign with. His 2014 pitch about 'vikas' or development for all, 'minimum government, maximum governance' and so on now look like poor jokes. Everyone, including Modi, knows these kites won't fly any more.

Therefore the return to prominence of toxic themes like building a Ram temple at Ayodhya and a chest thumping hyper-nationalism. So also measures like amending laws to allow Hindus from neighbouring countries automatic citizenship and a national register designed to strip 'foreigners' in border states of all rights. Well, none of this cut any ice with voters this winter.

Finally, what do these results tell us about the forthcoming Lok Sabha contest in summer? Here is a simple, arithmetical exercise which might shed some light. There are a total of 520 assembly seats in Rajasthan, Madhya Pradesh and Chhattisgarh. These are grouped into 65 Lok Sabha seats, so each parliament seat is made up of eight assembly seats on average.

In 2014, BJP won 60 of these 65 seats in parliament from these three states. Congress won a measly four. These 60 BJP seats added up to 443 assembly segments.

This year, the BJP has won 193 assembly seats in Rajasthan, Madhya Pradesh and Chhattisgarh. If eight assembly seats equal one parliamentary seat and the same trend holds in 2019, then BJP can expect to win 24 Lok Sabha seats from these states next year. That will be a huge drop of 41 parliamentary seats from its 2014 tally from three states it had swept earlier.

The Congress will hope that the BJP's loss translates as its gain.

2. RBI board meet on Dec 14th to focus on liquidity in financial system

The board may consider forming a committee to deliberate on the governance structure in RBI

Somesh Jha

The first central board meeting of the Reserve Bank of India (RBI) on Friday with Shaktikanta Das as governor is expected to focus on the liquidity situation in the financial system.

The Centre's proposal to call for governance reform in the RBI could, however, take a back seat, a source privy to the development said. "The governance issue (in the RBI) no longer holds immediate importance," the source said.

The board may consider forming a committee to deliberate on the governance structure in RBI. Earlier, the central government nominees on the RBI board — Financial Services Secretary Rajiv Kumar and Economic Affairs Secretary S C Garg — had moved a proposal to consider governance reforms in RBI.

With a new governor at the helm, the government may adopt a wait-and-watch approach before pushing for governance reforms in RBI. The government was upset with the way RBI took certain decisions, during former governor Urjit Patel's tenure, in "closed door" meetings, including new norms for resolution of stressed assets set by the central bank in February, popularly known as the February 12 circular, according to sources.

The new governor is likely to take stock of the liquidity situation, especially related to non-banking financial companies (NBFCs), which showed signs of stress recently. The government has petitioned the RBI to take measures to boost liquidity for NBFCs but the RBI is not in favour of a systemic intervention at present.

The board will be apprised of a recent decision taken by Finance Minister Arun Jaitley and Patel on the structure and the mandate of the committee to review the RBI's economic capital framework.

Sources said former RBI governor Bimal Jalan would head the panel and former RBI deputy governor Rakesh Mohan would be the co-chair. After the panel is constituted, it is expected to submit its report in 90 days, the source said.

"The chairman of the panel has to agree to the mandate first. The committee will be notified soon," the source added. The panel may not hold discussions on the revaluation reserves held by the RBI in its 'currency and gold revaluation reserves', it is learnt. It accounted for over 70 per cent out of the RBI's total reserves at Rs 9.6 trillion at the end of June 2018.

The finance ministry is of the view that RBI has 'excess capital' in its reserves and that can be transferred to the central government.

The decision to form a panel was taken in the nine-hour long board meeting on November 19.

"The agenda items from the previous meeting will carry forward. There were discussions only on three to four issues," the source said.

The RBI's central board will also take note of the Board for Financial Supervision (BFS) meeting chaired by Patel on December 6. The BFS was supposed to discuss the government's proposal to bring some public sector banks out of the prompt corrective action (PCA) along with revision of rules. However, the BFS didn't hold discussions on it and instead reviewed the financial position of all public sector banks, sources said.

The government has proposed "drastic changes" in the rules framed to re-tune the composition of three committees of the RBI: Board for Financial Supervision (BFS), the Board for Payment and Settlement Systems (BPSS) and the Committee of the Central Board (CCB). All three committees are chaired by the RBI Governor.

The government wanted more independent directors in forums, including the BFS, and had pushed for increasing the quorum in case of all the CCB and the BFS, sources said. In return, RBI had also exchanged its notes with board members suggesting only minor tweaks in the norms.

Financial Express

3. Government may keep FY19 bank recap target at Rs 65,000 crore: Icra

By: [PTI](#) |

The government is likely to keep its bank recapitalisation target unchanged at Rs 65,000 crore for the current financial year as lenders under RBI's prompt corrective action (PCA) framework will not maintain capital conservation buffers, rating agency Icra said

The balance capital of Rs 42,100 crore is expected to be allocated equally into PCA and non-PCA banks.

The government is likely to keep its bank recapitalisation target unchanged at Rs 65,000 crore for the current financial year as lenders under RBI's prompt corrective action (PCA) framework will not maintain capital conservation buffers, rating agency ICRA said on Wednesday.

It further said that most banks are likely to exit PCA framework only after FY20.

"Government will keep the bank recapitalisation plan for FY19 unchanged at Rs 65,000 crore, as the capital support during the current year has been restricted to only those PSBs (public sector banks) that were breaching or likely to breach the regulatory capital ratio, i.e, capital to risk weighted assets ratio (CRAR) of 9 per cent," Icra said in its report.

The recent softening in bond yields and consequent reversal of mark-to-market (MTM) losses on bond portfolios, coupled with significant reduction in risk weighted assets by state-run lenders, is also expected to lower the capital requirements of PSBs despite sizeable losses estimated for FY19, according to the agency.

"We expect these recent events can potentially reduce the government's capital support to PSBs by up to Rs 45,000 crore," Icra's group head (financial sector ratings), Karthik Srinivasan, said.

The report said the recent relaxation in capital conservation buffer (CCB) framework and large capital requirements of one of the PSBs – IDBI Bank – will now be met by Life Insurance Corporation of India (LIC) and obviate the need of capital support for the government.

As part of overall recapitalisation programme of Rs 2.11 trillion for PSBs, government has budgeted a capital infusion of Rs 65,000 crore for PSBs

during FY19, of which it has already infused Rs 22,900 crore in seven PSBs till November 2018.

The balance capital of Rs 42,100 crore is expected to be allocated equally into PCA and non-PCA banks.

Out of the 21 state-owned banks, 11 are under the PCA framework, which imposes lending and other restrictions on weak lenders.

These are Allahabad Bank, United Bank of India, Corporation Bank, IDBI Bank, UCO Bank, Bank of India, Central Bank of India, Indian Overseas Bank, Oriental Bank of Commerce, Dena Bank and Bank of Maharashtra.

The slippages of banking sector will continue to moderate during Q2 of FY19 with slippages of Rs 0.70 trillion (3.6 per cent of standard advances), compared with Rs 0.90 trillion during Q1 FY19 (4.6 per cent), it said.

The provisions on the existing NPAs and MTM losses on bond portfolios will continue to impact banks profitability, the profitability.

"With ongoing resolution of stressed assets, we expect GNPA and NNPA for banking sector are likely to reduce to around 10.2 per cent and 4.3 per cent, respectively, by March 2019, which in absence of resolution could have been higher at 12.2 per cent and 4.9 per cent, respectively," said Srinivasan.

The report said the net profits of private sector banks can grow at 20-25 per cent during FY19 resulting in return on equity (ROEs) of 10.5-11 per cent, during FY19 as against 10.2 per cent during FY18.

Economic Times

4. ICICI Bank to hire forensic auditor to probe into NPA irregularities

By *Sachin Dave*, ET Bureau

ICICI Bank has also constituted a committee headed by retired Supreme Court judge BN Srikrishna to investigate conflict of-interest accusations against its former chief executive Chanda Kochhar.

ICICI Bank NSE 2.09 % is close to appointing a forensic auditor to probe allegations of irregularities in 31 loan accounts, flagged by a whistleblower, being investigated by a white-collar crime specialist law firm, two people familiar with the matter said.

The private bank has already approached firms including BDO India, FTI India and Grant Thornton (GT) for conducting forensic investigations into the allegations, one person with a direct knowledge of the matter told ET.

The forensic investigator would work with law firm Panag & Babu, the sources said.

The bank and the law firm would finalise the firm within one week, they said.

"The appointment of the investigator comes after pressure from SEC (US Securities and Exchange Commission) on the bank," one of them said.

The other person said, "The scope of investigation for the forensic investigator would also include role of the ICICI Bank's executives in the whole issue. The investigator along with the law firm would be required to submit the report by end of January."

A detailed query to ICICI Bank, BDO, FTI and GT did not elicit any response as of press time Wednesday. Panag & Babu refused to comment.

ET had in July reported the appointment of Panag & Babu to look into a third whistleblower's allegations that ICICI Bank had inflated profits by at least \$1.3 billion over eight years by delaying provisioning for 31 non-performing asset (NPA) accounts.

This was after an anonymous ICICI Bank employee had in March this year alleged that the bank ignored warnings raised by internal auditors and sanctioned loans to 31 companies.

The bank has also constituted a committee headed by retired Supreme Court judge BN Srikrishna to investigate conflict of-interest accusations against its former chief executive Chanda Kochhar.

SEPARATE FROM SRIKRISHNA PROBE

The investigation by the forensic investigator would be separate from the one conducted by Srikrishna.

While no public announcement has been made, the probe by Srikrishna will look into charges that some of the loans to Videocon and Essar Groups were granted as a quid pro quo for business dealings between Kochhar's husband and these groups.

Accusations against Kochhar were first made in 2016, when allegations surfaced that she failed to disclose business relationships that her husband Deepak Kochhar had with entities to which ICICI Bank sanctioned loans. The ICICI board had denied any wrongdoing and defended her.

In a June 22 statement, ICICI Bank had revealed that in March it had received a complaint alleging the irregularities in the conduct of 31 borrower accounts, resulting in incorrect asset classification and inflation of profits.

In that complaint, the third whistleblower had alleged that several letters of credit (LCs) were issued by ICICI Bank to 31 companies to help them avoid defaults, so as to avoid categorising them as NPAs.

ICICI Bank did not approach some of the biggest players including the big four — Deloitte, EY, PwC and KPMG — for the forensic investigation, said the two people cited earlier. This, they said, was mainly because the bigger firms may have conflict of interest as they have worked for the bank in the past or are working for the bank currently.

Business Line

5. Autonomy is important, but so is accountability: Shaktikanta Das

[OUR BUREAU](#)

New RBI Governor sets agenda for banking sector, to meet PSB heads today

Newly appointed Reserve Bank of India Governor Shaktikanta Das on Wednesday said he would uphold the professionalism, core values, credibility and autonomy of the central bank, engage with all stakeholders, including the government, and be watchful for developments on the inflation front.

In his introductory remarks at a media interaction, the former bureaucrat, who was appointed the 25th RBI Governor on Tuesday, underscored that the central bank is "a great institution". "It has got a very long, rich legacy," he noted.

Das was catapulted into the hot seat after Urjit Patel quit his position on Monday after two-and-a-half years in office. He took charge on Wednesday.

To a question on the stand-off between the RBI and Centre, Das said: "I would not like to go into what the issues were or what the issues are between the government, which runs the country, and the RBI. But every institution has to have its professional integrity, maintain its professional autonomy. At the same time, every institution also must adhere to the principles of accountability."

The Governor observed that decision-making in modern times has become very complex. "Today we are living in a very dynamic world — much more dynamic than it was three-to-five years ago. And consultation with stakeholders is very important," he said.

Das further said the RBI proposes to undertake consultations in a need-based manner on various issues. "To begin with, I have convened a meeting with the MDs and CEOs of (Mumbai-based) public sector banks (PSBs) tomorrow (Thursday) morning. And, as you know, banking is an important segment of our economy and it is currently facing several challenges which are of critical importance and they need to be dealt with," he said.

The central bank will also hold consultations with the chiefs of PSBs headquartered outside Mumbai. Later, it will have interactions with private sector bankers to understand their issues.

"So, it is the banking sector which I would like to focus on immediately. But this will be followed by other kind of stakeholder consultations as may be required," said Das.

Watchful on inflation

The RBI Governor emphasised that curbing inflation continues to be a critical focus area. "...It is very heartening to note that inflation is broadly as per the target and the inflation outlook also looks fairly benign at this stage. But we have to be very watchful of developments. Maintenance of the growth trajectory of the Indian economy is also important," he said.

The RBI central board meeting will be held as planned on December 14. The key issues that will be taken up include corporate governance, relaxing the Prompt Corrective Action (PCA) for PSBs so that they can step up lending, and a review of the liquidity situation.

Rating agency Fitch Ratings has warned that a roll-back of measures that address long-standing bad-loan problems and restrict the growth of weakly-capitalised banks could have a negative impact on the credit profiles of the affected banks and may increase risks in the financial system.

To a question on whether RBI Deputy Governor Viral Acharya — whose October speech raised a storm on the possibility of the government undermining the central bank's autonomy — will continue in office, Das quipped: "I had tea with him some time ago. So, as far as I know, he is very much there."

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY