



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

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Dear Comrades,

14th December, 2018

## News of Interest 14<sup>th</sup> DEC

### MOTIVATIONAL QUOTES

"THE THREE GREAT ESSENTIALS TO ACHIEVE ANYTHING WORTHWHILE ARE, FIRST, HARD WORK; SECOND, STICK-TO-ITIVENESS; THIRD, COMMON SENSE."

THOMAS A. EDISON"

### HIGHLIGHTS

1. PSBS SEEK EASING OF LOAN RECAST RULES IN FIRST MEET WITH NEW RBI GOVERNOR
2. IL&FS' CAR SALE SHOWS CASH-STRAPPED GROUP NEVER COMPROMISED ON LUXURY
3. MODI GOVERNMENT ACTS TOUGH: RED CORNER NOTICE AGAINST MEHUL CHOKSI
4. YES BANK TO SUBMIT NAME FOR MD & CEO TO RBI IN JANUARY
5. 'OWNERSHIP OF PRIVATE BANKS SHOULD REMAIN WITH INDIANS'

### Business Standard

#### 1. PSBs seek easing of loan recast rules in first meet with new RBI Governor

The RBI has injected durable liquidity through open market operations of Rs 1.36 trillion in the current financial year

[Abhijit Lele](#)

Reserve Bank of India (RBI) Governor Shaktikanta Das moved swiftly into his new job on Thursday by holding discussions with chiefs of Mumbai-

based public sector banks (PSBs), who wanted rules for recognising bad loans to be eased.

They discussed liquidity in the system, credit growth, financial support to micro, small and medium enterprises (MSMEs), and the state of finance companies.

"In keeping with a well-articulated consultative approach, the governor had free-flowing discussions on important issues like liquidity, credit offtake, and conditions of MSMEs and finance companies," said a senior banker aware of the deliberations.

During the discussion, bank chiefs sought a relook at provisions of the RBI's February 12, 2018, circular on a revised framework for resolving stressed assets. A key bone of contention is the rule recognising loan default from day one and initiating steps for resolution.

The Indian Banks' Association has highlighted the pain points in the circular, bankers said.

The chairman of State Bank of India and managing director, and chief executives of six public sector banks including Bank of Baroda, Central Bank of India and Union Bank of India attended the meeting. The governor will hold discussions with the chiefs of PSBs outside Mumbai in the next few days. This will be followed by interactions with the heads of private sector banks.

### **Das to steer first central board meeting today**

The central board of the RBI under new Governor Shaktikanta Das (pictured) will meet on Friday where directors are likely to push for a greater say in the decision-making of the central bank. The meeting will review the progress with respect of some of the decisions taken in the last meeting on November 19 - *PTI*

Bankers gave an assessment of the liquidity situation in the busy and festive season and fund requirements, and the impact of the RBI's liquidity management operations, bankers said.

In the post-monetary policy media interaction last week, RBI Deputy Governor Viral Acharya said since the Monetary Policy Committee (MPC) meeting in October, the weighted average call rate (WACR) continued to remain soft and, on average, below the policy rate. This has been possible due to deploying a variety of liquidity tools. The WACR traded below the repo rate, on average, by 5 basis points in October, 9 basis points in November, and 16 basis points in December.

There was a large currency expansion in October and especially during the festive season in November.

The RBI has injected durable liquidity through open market operations (OMOs) of Rs 1.36 trillion in the current financial year. The pace of OMOs has increased with the injection of slightly over Rs 1 trillion in the last three months.

The RBI has provided a liberal infusion of liquidity through term repos in addition to the usual provision via the liquidity adjustment facility.

Based on an assessment of durable liquidity needs, the RBI has announced an OMO purchase programme of Rs 400 billion for December. It says an increased frequency and amount of OMOs may be required until the end of March 2019. Referring to credit expansion, the RBI has said there has been significant acceleration in investment and high-frequency indicators suggest it is likely to be sustained.

Credit offtake from the banking sector has continued to strengthen even as global financial conditions have tightened. On a year-on-year basis, non-food bank credit grew at 15.3 per cent as of November 23, 2018. This is faster than the growth of nominal gross domestic product (GDP). Moreover, the flow of bank credit has become increasingly broad-based with even credit to industry emerging out of contraction since November 2017.

Inclusive of banks' investments in commercial papers, shares, bonds and debentures, adjusted non-food bank credit increased by 15.6 per cent, according to the RBI data.

## **2. IL&FS' car sale shows cash-strapped group never compromised on luxury**

Between 2017-2018, group companies registered nine premium cars including BMWs and Mercedes-Benz models

Jash Kriplani |

Executives of the Infrastructure Leasing & Financial Services (IL&FS) group drove in luxury class till recently if the registration dates of these cars are an indication.

Of the 36 premium luxury cars the group is trying to sell, nine were registered in 2017 and 2018. As recently as June 2018, the group registered BMW X1 S DRIVE 20 D. The premium SUV, which could cost around Rs 3.8 million, was registered in the name of IL&FS Rail.

The premium collection of the group includes Mercedes Benz GLS — an S-Class SUV — which costs anywhere between Rs 8.2 million and Rs 15.6 million, depending upon the variant. The car was registered in July 2017 with IL&FS Transportation Networks as its owner. The group is now looking to off-load this priced possession with the base price pegged at Rs 5.4 million.

As these cars were being bought, the group's financial health continued to deteriorate under a ballooning debt burden. Between FY17 and FY18, the group's debt-pile rose from Rs 800 billion to Rs 910 billion.

While how much of this debt was used for these luxurious preferences is uncertain, the government is probing how the cash flows were allocated within the group's 301 subsidiaries.

"IL&FS and IL&FS Financial Services kept raising funds on the basis of bogus and fictitious but good credit ratings and this short-term loans were passed to subsidiaries, joint ventures and special purpose vehicles to help service their debts," Sanjay Shorey, joint legal director in the ministry of corporate

affairs, reportedly said at the National Company Law Tribunal (NCLT) as the government sought attachment of properties of additional directors of IL&FS.

### **Shedding Excess Baggage:**

- IL&FS exploring all avenues of cutting its costs.
- The group is looking to terminate quest houses leased by group companies
- Seeking to sell fitness equipment, furniture as its premises.
- Group is looking to sell 36 luxury cars in this round.
- Weighing options to cut wage bill and reduce man-power.
- Also, seeking buyers for its operational assets.

The impressive line-up of cars that are being put on sale includes six BMWs, four Mercedes-Benz, two Jaguars, one Lexus and a Landrover. The remaining cars are from manufacturers such as Skoda, Audi, Toyota, Honda and Volvo.

Those looking to pick up the luxury offerings of the IL&FS would have to shell out anywhere between Rs 259,000 and Rs 5.4 million — the broad range of base prices the IL&FS has quoted. The group could at least fetch Rs 88 million from this sale if buyers match the base prices at which the bidding can start.

According to the sources, the group has put 20 of its cars for inspection near its BKC office in Mumbai, while the remaining will be at Gurugram.

The new board of IL&FS — chaired by Uday Kotak — is looking at cost-cutting measures to improve the liquidity situation of the group. Besides monetising some of the group's operating assets, the board is also looking at ways it can cut its wage bill and bring down the manpower.

The group has also lined up sale of fitness equipment, furniture and white goods under its ownership. The documents reviewed by Business Standard show that the group is selling items from its Turner Heights in Bandra West, Jasmine Apartments in Bandra East and a flat in New Town, Kolkata.

The list of items being sold includes two treadmills. The office equipment and furniture include chairs, safes, sofa set, bed and tables. The white-goods include refrigerators, aqua guards, LED and LCD television, microwave, air-conditioners and washing machines.

In all, there are 61 such items being put on sale. The total value that the group is seeking from these sales could not be ascertained.

The government in October appointed the new board to check the contagion risk from the IL&FS default. Most of the financial intermediaries such as banks, insurers and mutual funds have direct or indirect exposure to the troubled group.

### **Financial Express**

### **3. Modi government acts tough: Red corner notice against Mehul Choksi**

By: [PTI](#)

The Interpol has issued a Red Corner notice against absconding billionaire Mehul Choksi, who is accused of cheating state-run Punjab National Bank to the tune of Rs 13,000 crore in alleged collusion with his nephew Nirav Modi, officials said Thursday

The Interpol has issued a Red Corner notice against absconding billionaire Mehul Choksi, who is accused of cheating state-run Punjab National Bank to the tune of Rs 13,000 crore in alleged collusion with his nephew Nirav Modi, officials said Thursday. The international police cooperation agency has issued the notice against Choksi Wednesday on the request of the CBI rejecting his contentions of being persecuted by Indian agencies and the case being political in nature, they said. A Red Corner Notice is a kind of international arrest warrant where Lyon-based Interpol asks its member countries to arrest or detain a fugitive, wanted by another member country, if he is detected in their respective jurisdictions. Choksi, 59, Managing Director of Gitanjali Gems Ltd, who escaped in January this year along with his nephew Nirav Modi, his wife Ami Modi and brother Nishal Modi, has taken citizenship of Antigua.

"The Interpol has issued a Red Corner Notice against Mehul Choksi on the request of the CBI," CBI spokesperson Abhishek Dayal said. Choksi had challenged the CBI application seeking issuance of Red Corner Notice against him calling the case a result of political conspiracy, sources said. He also raised questions on issues such as jail conditions in India, his personal safety and health, they said. The matter went to a five-member Interpol committee's court, called Commission for Control of Files which cleared the RCN rejecting his contentions, the sources said. The CBI has charge-sheeted both Nirav Modi and Choksi separately in the scam.

The Central Bureau of Investigation, in its charge-sheets, had alleged Choksi swindled Rs 7,080.86 crore, making it the country's biggest banking scam at over Rs 13,000 crore. Nirav Modi allegedly siphoned Rs 6,000 crore. An additional loan default of over Rs 5,000 crore to Choksi's companies is also a matter of probe under the CBI. It is alleged that Nirav Modi and Choksi through their companies availed credit from overseas branches of Indian banks using guarantees given through fraudulent LoUs and letters of credit which were not repaid bringing the liability on the state-run bank, officials said. An LoU is a guarantee given by an issuing bank to Indian banks having branches abroad to grant short-term credit to the applicant. The instructions for transferring funds were allegedly issued by a bank employee, Gokulnath Shetty, using an international messaging system for banking called SWIFT platform and without making their subsequent entries in the PNB's internal banking software, thus bypassing scrutiny in the bank, the officials said.

## **Economic Times**

### **4. Yes Bank to submit name for MD & CEO to RBI in January**

IANIS

In October, RBI had reaffirmed that a successor to Yes Bank's MD and CEO Kapoor should be appointed by February 1, 2019.

Yes Bank on Thursday said the final recommendation for the company's Managing Director and Chief Executive will be submitted to the Reserve Bank of India (RBI) post its Board meeting on January 9, 2019.

"The 'Search and Selection Committee' (SSC) and the Board of Directors are on track to complete the said process within the stipulated timelines of the Reserve Bank of India (RBI)," the company said in a statement after its Board meeting on Thursday.

"The SSC has discussed and deliberated on the final shortlisted external and internal candidates presented by Korn Ferry post their comprehensive interviews and assessment. The SSC will now engage with the candidates over the next few days for finalisation. The final recommendation will be submitted to the RBI by the Board of Directors post their next meeting scheduled on January 9, 2019."

The SSC has been set up to find a successor to the company's MD and CEO Rana Kapoor.

The committee has been mandated to evaluate both internal and external candidates and make suitable recommendations to the Board of Directors within stipulated timelines for RBI's final approval.

In October, RBI had reaffirmed that a successor to Yes Bank's MD and CEO Kapoor should be appointed by February 1, 2019.

In another key development on Thursday, the lender said its Nomination and Remuneration Committee (N&RC) and Board of Directors have finalised the recommendation for "Non-Executive Part-Time Chairman position and shall be promptly seeking requisite approvals from the Reserve Bank of India".

Last month, the bank's non-executive independent part-time Chairman Ashok Chawla had resigned.

## **Business Line**

### **5. 'Ownership of private banks should remain with Indians'**

[KR SRIVATS](#)

Swadeshi Jagaran Manch urges new RBI Governor to rethink regulatory framework for private banks' ownership

Swadeshi Jagaran Manch, the economic wing of Rashtriya Swayamsevak Sangh (RSS), wants the newly-appointed RBI Governor Shaktikanta Das to do a rethink on the regulatory framework for private bank ownership.

Asserting that the ownership of banks in India should stay with Indians, SJM said on Thursday that it does not want Indian home-grown banks to go to foreign players.

"Currently, foreign ownership in private banks is allowed to go up to 74 per cent. In some private banks, FIIs have already reached almost 74 per cent. We want the RBI to now bring the foreign cap to below 51 per cent and ensure only Indian control of private banks," SJM national co-convenor, Ashwani Mahajan, told *BusinessLine*.

Mahajan said the new RBI Governor must review the ownership and control policy for banks, and create an environment that motivates high-quality Indian entrepreneurs to come forward and build great banks.

Along with this, the RBI Governor must try and develop an understanding on the implementation risk of Basel III norms in the present context and IFRS challenge, the SJM co-convenor added.

The suggestion to rethink ownership framework for private banks comes a day before the new RBI Governor Shaktikanta Das chairs his first board meeting as central bank Governor in Mumbai on Friday.

SJM also said that the present guidelines for the compulsory dilution of equity by promoters of private sector banks "appear unnatural".

Initial research shows that this is helping more foreign funds to make way into the Indian market. "This is worrisome," said an SJM official.

With India not having mature institutions / funds with deeper pockets to take up equities in large proportions in banks, the forced equity dilution norms is pushing banks to go abroad, according to the SJM. The SJM also urged the RBI to rethink on its current stance of stipulating capital norms higher than those prescribed under Basel III. "At present, making it even more stringent than the global norms is uncalled for," said Mahajan.

With kind regards,

Yours Comradely,



( **N. GOVINDRAJULU** )  
**GENERAL SECRETARY**