



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

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Dear Comrades,

23rd July , 2018

News of Interest 23th JUL

QUOTE OF THE DAY

'WHAT WE HAVE ONCE ENJOYED WE CAN NEVER LOSE. ALL THAT WE LOVE DEEPLY
BECOMES A PART OF US.' HELEN KELLER

HIGHLIGHTS

1. NIRAV MODI SCAM: PNB, ALLAHABAD BANK MAY DECIDE ON ACTION AGAINST EDS, MD
2. HDFC BANK Q1 NET UP 18 PCT AT RS 4,601 CRORE
3. SOUTH INDIAN BANK NET PROFIT NOSEDIVES IN Q1
4. 25% ATMS OF PUBLIC SECTOR BANKS MAY BE VULNERABLE TO FRAUD
5. UNION BANK MOVES TO TIGHTEN CREDIT APPRAISAL, MONITORING

BUSINESS STANDARD

1. Nirav Modi scam: PNB, Allahabad Bank may decide on action against MDs/EDs

Since charges are restricted to procedural lapses without any criminal intent, board will take a decision in that light

[Press Trust of India](#)

[Punjab National Bank](#) and Allahabad Bank may take a call on further action to be taken against two executive directors and the MD charge sheeted in the Rs 140 billion Nirav Modi fraud case, sources said.

Soon after [Central Bureau of Investigation](#) (CBI) filed charge sheet in May pointed involvement of top officials of banks, PNB's board decided to divest two executive directors of all powers.

According to the sources, PNB's Board is scheduled to meet tomorrow and decide about future course of action against its two executive directors [K V Brahmaji Rao](#) and [Sanjiv Sharan](#).

The Allahabad Bank too would follow the suit, they said.

The [CBI](#) in its first chargesheet in the country's biggest financial by billionaire jeweler Nirav Modi also detailed the alleged role of the PNB's former chief Usha Ananth Subramanian, who is now Allahabad Bank CEO and MD.

The board of Allahabad Bank divested Ananth Subramanian from all her functional responsibilities after the first charge sheet in May itself.

Experts feel that since the charges are restricted to procedural lapses without any criminal intent, board will take a decision in that light.

It is also noted that PNB has claimed that it did not receive an important e-mail on preventing bank frauds, which was sent by the Reserve Bank of India (RBI).

The directive, issued on November 30, 2016, mandated all commercial [banks](#) in the country to strengthen their risk control mechanisms to ward off banking frauds, was not received by PNB, according to the internal report of the bank.

Nirav Modi and his uncle Mehul Choksi, in connivance with certain bank officials, allegedly cheated PNB of about Rs 140 billion through issuance of fraudulent [Letters of Undertaking](#) (LoUs).

A Mumbai branch of PNB had fraudulently issued LoUs for the group of companies belonging to Nirav Modi since March 2011.

The total number of LoUs issued to the companies of Nirav Modi, his relatives and the Nirav Modi Group are 1,213, and to Mehul Choksi, his relatives and the [Gitanjali Group](#) are 377.

With regard to the provision made for the loss incurred on account of Nirav Modi fraud, the bank provided Rs 71.78 billion, 50 per cent of the total amount of Rs 143.56 billion in the fourth quarter of 2017-18.

The remaining amount will be covered in the three quarters of the current financial year.

PNB paid Rs 65.86 billion to other [banks](#) to discharge its liabilities towards Letters of Undertakings (LoUs) and [Foreign Letters of Credit](#) (FLCs) issued fraudulently and in unauthorized manner to certain overseas branches of Indian [banks](#) through the misuse of SWIFT system of the bank, which was then not integrated with CBS (Core Banking Solution).

Financial Express

2. HDFC Bank Q1 net up 18 pct at Rs 4,601 crore

HDFC Bank reported an 18.17% year-on-year (Y-o-Y) increase in its net profit for the first quarter of FY2019 at Rs 4,601.44 crore, but missed analysts' expectations due to an increase in provisions

By: [FE Bureau](#)

HDFC Bank reported an 18.17% year-on-year (Y-o-Y) increase in its net profit for the first quarter of FY2019 at Rs 4,601.44 crore but missed analysts' expectations due to an increase in provisions. According to Bloomberg estimates, analysts were expecting a net profit of Rs 4,786 crore. The bank's net profit fell 4.12% from Rs 4,799.28 crore in the previous quarter. In a statement to the stock exchanges, the bank said its provisions increased 4.5% in the April-June quarter to Rs 1,629.37 crore. On a sequential basis, provision rose 5.7%. The loan loss provision during the quarter was Rs 1,432.2 crore, compared with Rs 1,343.2 crore in the year-ago period.

HDFC Bank has also provided for the entire mark-to-market loss of Rs 391 crore on its corporate bond portfolio in the first quarter, although the Reserve Bank of India had granted banks an option to spread the provisioning on mark-to-market losses on investments held in the available for sale (AFS) and held for trading (HTF) categories. The bank said its net interest income, or the difference between interest earned and interest expended, grew 15.40% from the year-ago period to Rs 10,813.60 crore. On a sequential basis, the net interest income grew 1.46%. HDFC Bank's gross non-performing assets (NPAs) ratio stood at 1.33% for the April-June quarter against 1.24% in the year-ago period and 1.30% in the previous quarter.

The net NPA ratio was 0.41% during the quarter, compared with 0.44% in the year-ago period and 0.40% in the previous quarter. The bank's total capital adequacy ratio (CAR) as per Basel III guidelines was at 14.6% at the end of the quarter, compared with 15.6% a year ago. Its total advances as of June 30 grew by 22% YoY to Rs 708,649 crore. Total deposits as of June 30 were Rs 805,785 crore, an increase of 20% over the year-ago period.

3. South Indian Bank net profit nosedives in Q1

Kerala-based South Indian Bank has declared a net profit of Rs 23.04 crores for the first quarter of the financial year 2018-19 as against Rs 101.47 crores during the corresponding period last year.

By: [PTI](#)

Kerala-based South Indian Bank has declared a net profit of Rs 23.04 crores for the first quarter of the financial year 2018-19 as against Rs 101.47 crores during the corresponding period last year.

In a press release here, the bank said the reason for the decline in profit was the reduction in the Treasury trading profit by Rs 73 crores and incremental MTM (mark to market) provision in the Treasury Book by Rs 41 crore owing to adverse market conditions, besides incremental one-time employee cost of Rs 33 crore because of increase in gratuity ceiling and wage revision.

"But for these, the net profit would have been Rs 119 crores for the first quarter," the release said. Low-cost deposit grew by 4 per cent, it said. The non-resident CASA (the ratio of deposits in current and saving accounts to total deposits) saw a growth of 5 per cent on a quarter-to-quarter basis, it said. The bank was continuing its focus on retail and MSME (Micro, Small & Medium Enterprises) advances, the release said.

Retail advance grew by 27 per cent year-to-year and MSME advance was up by 21 per cent, it said. The bank was also pursuing the asset quality issues pertaining to corporates, it said.

As a result of this, the gross and net NPA (non-performing assets) rose by 93 bps (basis points) and 73 bps, respectively, it said.

The gross business increased by Rs 15,689 crores to Rs 1,28,652 crores, the release said.

The deposits rose from Rs 6,697 crores to Rs 72,488 crores, CASA from Rs 1,297 crores to Rs 17,883 crores and advances from by Rs 9,172 crores to Rs 56,164 crores, it added.

Economic Times

4. 25% ATMs of public sector banks may be vulnerable to fraud

TNN

The government on Friday indicated that nearly a quarter of the automated teller machines (ATMs) run by public sector banks may be vulnerable to frauds as 74% of the cash dispensers are running on outdated software.

The statement on state-run banks came in response to a question in Parliament on ATMs running on software that was outdated or "unsupported". These ATMs are prone to fraud and lack basic security features. The government, however, did not disclose details of such ATMs that were run by private sector lenders.

A bulk of the machines in the country are operated by public sector players, with government telling Parliament that close to 89% of the ATMs belonged to this category. Despite the growing presence of private players in recent years, state run-banks still control close to 70% of the business, comprising lending and deposits.

In recent months, consumers have been complaining of a spike in ATM-related frauds, which last month prompted the Reserve Bank of India to issue a fresh advisory, asking banks to upgrade software in a time-bound manner and closely monitor compliance. Bankers, however, said they were unlikely to meet at least some of the deadlines prescribed by the regulator.

The government informed Parliament that between July 2017 and June 2018 the banking ombudsman had received close to 25,000 complaints related to debit and credit cards, while the total number of transactions during this period was 861 crore, indicating that the number of frauds were few.

Business Line

5. Union Bank moves to tighten credit appraisal, monitoring

[OUR BUREAU](#)

Central hubs to process loans; only customer-facing activities at branches

Our Bureau

Union Bank of India expects an improvement in the quality of the loan book as it will monitor credit right from the start using analytical tools and initiate corrective measures on getting early warning signals.

It plans to do this by moving most of its credit underwriting in terms of volume of business to centralized processing hubs this fiscal, turning its branches into service and sales outlets.

Most of the non-customer-facing activities — such as credit appraisal and monitoring — are being moved to the back-office, the public-sector bank said in its annual report.

As on March 31, it had 4,310 branches.

“Today, branch managers (anyway) can’t give loans above ₹50 lakh — the request goes to the back-office,” said Rajkiran Rai G, Managing Director and CEO.

With more than 90 per cent of the income coming from loans, the bank needs to concentrate on their sourcing, underwriting and monitoring so that they continue to earn, said Rai.

But the customer connect at the branch level is indispensable, too.

Branches matter

“If you remove the branch out of the loop, with the customer having to deal with a separate set-up, it will not work,” he added. So, now, loan applications will land at the branch and the manager will forward it to the back-office for processing. The sanction will go back to the branch and the manager will disburse it.

“Somewhere the focus on these things was taken away by routine banking practice... So, that is where we tried to address the issue — how we can look at these processes so that incrementally what we add to the (loan) book is of first class quality. But at the same time we are taking care to address the old legacy (bad loan) issues,” he added.

The bank’s NPA increased to ₹49,370 crore as at March-end 2018, against the previous year’s ₹33,712 crore.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)
GENERAL SECRETARY**

