



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

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Dear Comrades,

24th July , 2018

News of Interest 24th JUL

QUOTE OF THE DAY

‘THE TWO MOST POWERFUL WARRIORS ARE PATIENCE AND TIME. ‘

LEO TOLSTOY

HIGHLIGHTS

1. UNEMPLOYED FOR OVER A MONTH? WITHDRAW 75% OF YOUR PF, SAYS LABOUR MINISTRY
2. VIJAYA BANK TARGETS RS 10 BN PROFIT IN FY19; INCOME RISES TO RS 39 BN IN Q1
3. FAST-TRACK NPA RESOLUTION: 22 PSBS, 19 PRIVATE, 32 FOREIGN BANKS SIGN PACT TO RESOLVE STRESSED ASSETS
4. PNB GETS RS 2,816 CRORE AS PART OF GOVERNMENT'S CAPITAL INFUSION PLAN
5. IBC AMENDMENT ALLOWS FIRMS TO BID FOR MULTIPLE STRESSED ASSETS

Business Standard

1. Unemployed for over a month? Withdraw 75% of your PF, says Labour Ministry

The requirement of the two-month waiting period will not apply in cases of female members resigning from services of the establishment for purpose of getting married

Press Trust of India

An employee, who is not in employment for a month, may be allowed to avail off 75 per cent of the total fund standing to his credit, Labour Minister Santosh Gangwar said on Monday.

Gangwar said in Lok Sabha that the Central Board of Trustees (CBT) of the Employees' Provident Fund (EPF), in its 222nd meeting on June 26, had considered a proposal for insertion of paragraph 68HH in EPF Scheme 1952.

This will enable a member of EPF, who is no longer in employment for a continuous period of one month, to avail 75 per cent of the total fund standing to his or her credit, he said during Question Hour.

The minister said the Employees' Provident Funds Scheme, 1952, enables a member to withdraw the full amount standing to his credit in the fund on ceasing to be an employee in an establishment for a continuous period of two months immediately preceding the date on which he makes an application for withdrawal.

The requirement of the two-month waiting period will not, however, apply in cases of female members resigning from the services of the establishment for the purpose of getting married, he said.

2. Vijaya Bank targets Rs 10 bn profit in FY19; income rises to Rs 39 bn in Q1

During the quarter, the provision coverage ratio jumped to 61.18 per cent from 56 per cent in the same period a year before

Debasis Mohapatra

Government-owned Vijaya Bank expects net profit of Rs 10 billion this financial year. On the back, it says, of healthy growth in advances and a sharp fall in accretion of bad loans coupled with strong recovery from delinquent accounts.

The Bengaluru-headquartered lender reported a 43.3 per cent drop in net profit at Rs 1.44 bn for the quarter ending June, the first one (Q1) of this financial year. This was due to raising the provisioning on bad loan accounts, to ring-fence its balance sheet from future slippage.

During the quarter, the provision coverage ratio (PCR) jumped to 61.18 per cent from 56 per cent in the same period a year before; the bank provided Rs 5.5 bn to improve this. It eyes a PCR of 65 per cent by the end of FY19, an improvement of around 400 basis points (bps) over the June quarter.

Total income rose to Rs 39.3 bn during Q1, from Rs 35.1 bn a year before. Net interest income (NII) jumped 28 per cent to Rs 12 bn.

"Given the strong growth in advances, dip in NPA (non-performing assets) and strong recovery from bad loan accounts, we should end this financial year with around Rs 10 bn of net profit," said R A Sankara Narayanan, managing director and chief executive.

There was marked improvement in gross and net NPA ratios. While the former fell to 6.19 per cent, from 7.3 per cent a year earlier, net NPA dropped to 4.1 per cent, from 5.24 per cent.

"Our net NPA will be less than four per cent in the coming quarters; we don't see any fresh slippages. Also, we see good momentum in (loan) recovery," said the MD. It recovered Rs 4 bn from bad loan accounts in the quarter.

Vijaya Bank has exposure to 10 accounts that have been referred to the National Company Law Tribunal (NCLT) for resolution under the insolvency law. "Resolution for two accounts, including Bhushan Steel, has been completed and we recovered around Rs 1.6 bn from the first resolution," he added.

The bank also improved its net interest margin by 20 bps to 3.12 per cent. "We will maintain it at above three per cent," the MD said.

With a thrust on loans to individuals (retail lending in sector parlance), gross advances grew 31 per cent to Rs 1,223 bn and the bank said it would grow its loan book at around 20 per cent this year.

"Our major focus area is on the retail loan book. Of the incremental advances of Rs 300 bn, half had been lent to the retail segment. Within this, home and mortgage-backed loans were the major focus areas," said Narayanan.

He says they are adequately capitalized to fund loan growth and would not require equity capital from the government. "We have room to raise around Rs 30 bn through tier-I and tier-II bonds. Also, our internal accruals will take care of loan growth."

Financial Express

3. Fast-track NPA resolution: 22 PSBs, 19 private, 32 foreign banks sign pact to resolve stressed assets

Banks and financial institutions, including SBI, PNB and LIC today entered into an overarching inter-creditor agreement (ICA) to fast-track resolution of stressed assets of Rs 50 crore or more which are under consortium lending

By: PTI

Banks and financial institutions, including SBI, PNB and LIC today entered into an overarching inter-creditor agreement (ICA) to fast-track resolution of stressed assets of Rs 50 crore or more which are under consortium lending. The ICA is being signed by 22 public sector banks (including India Post Payments Bank), 19 private sector banks and 32 foreign banks.

Besides, 12 major financial intermediaries, like LIC, HUDCO, PFC and REC are also signatories to the pact, according to the agreement. Under the pact, which is part of project 'Sashakt', each resolution plan will be submitted by the lead lender to an Overseeing Committee. "The lead lender that is the lender with the highest exposure shall be authorized to formulate the resolution plan, which shall be presented to the lenders for their approval," an official statement said.

Under the ICA framework, the decision making will be by way of approval of 'majority lenders', those with 66 per cent share in the aggregate exposure. Once a resolution plan is approved by the majority lenders, it will be binding on all the lenders that are a party to the ICA, it said.

Each resolution plan that is formulated in terms of the ICA shall be in compliance with the RBI circular and all other applicable laws and guidelines, it said. "The operating guidelines for functioning of the Overseeing Committee including the terms of reference shall be as approved (and amended from time to time) by 66 per cent by number of the Lenders that are a party to this Agreement," it said.

The lead lender will submit the resolution plan along with the recommendations of the Overseeing Committee to all the relevant lenders. The framework authorizes the lead bank to implement a resolution plan in 180 days and the leader would then prepare a

resolution plan including empaneling turnaround specialists and other industry experts for operation turnaround of the assets within RBI's stipulated time-frame of 180 days.

"Pursuant to the recommendations of Sunil Mehta Committee and under the aegis of Indian Banks' Association (IBA), an Inter-creditor Agreement (ICA) has been prepared which shall serve as a platform for the banks and financial institutions to come together and take joint and concerted actions towards resolution of stressed accounts," the statement said.

The agreement has been approved by boards of respective lenders. The non-performing assets (NPAs) or bad loans in the banking sector crossed Rs 9 lakh crore at end-December 2017 and the Reserve Bank of India has warned of further worsening of the situation.

"Each of the relevant lenders appoint the lead lender to act as its agent under and in connection with the formulation and implementation of any resolution plan in the manner contemplated in this agreement," the statement said.

In case a lender dissents, the lead lender will have the right but not the obligation to arrange for buy-out of the facilities of the dissenting lenders at a value that is equal to 85 per cent of the lower of liquidation value or resolution value.

The dissenting lenders can exercise such right of buy-out in respect of the entire facilities held by other relevant lenders, it said. This agreement will be terminated in case there is any guidance or prescription from the RBI or any other regulatory or governmental authority to terminate it.

Economic Times

4. PNB gets Rs 2,816 crore as part of government's capital infusion plan

PTI|

State-owned PNBSE 4.50 % today said it has received Rs 2,816 crore as capital infusion from the government via preferential allotment of equity shares.

"The bank, as per... Department of Financial Services notification, has received amount of capital infusion of Rs 2,816 crore towards contribution of the central government," PNB said in a regulatory filing.

The preferential allotment of equity shares to government will be made after completing the process of regulatory approvals, Punjab National Bank said.

Allahabad Bank had informed last week that it received Rs 1,790 crore as capital infusion from the government.

The government has approved capital infusion in five public sector lenders. The other three in this pack are Andhra Bank -- Rs 2,019 crore, Indian Overseas Bank Rs 2,157 crore and Corporation Bank.

It is also likely that 2-3 more banks may be added to the list. The government had announced Rs 2.11 lakh crore capital infusion programme for public sector banks (PSBs) last October.

As per the plan, PSBs were to get Rs 1.35 lakh crore through re-capitalization bonds, and the balance Rs 58,000 crore through raising of capital from the market.

Of the Rs 1.35 lakh crore, the government has already infused about Rs 71,000 crore through recap bonds and the balance would be done during the current fiscal, 2018-19

Business Line

5. IBC amendment allows firms to bid for multiple stressed assets

OUR BUREAU

Goyal introduces IBC (Second Amendment) Bill in Lok Sabha.

Corporate houses with deep pockets can bid for multiple distressed assets under the insolvency process without getting themselves disqualified under Section 29A of the Insolvency and Bankruptcy Code (IBC).

This is provided in the IBC (Second Amendment) Bill, 2018 — tabled in the Lok Sabha on Monday — in the form of a carve-out to the much-talked-about Section 29A, which specifies the parties ineligible to be a resolution applicant.

Under the new Bill, Section 29A will not apply to a resolution applicant holding a non-performing asset (NPA) account due to the acquisition of a distressed asset with a non-performing account for three years from the date of such acquisition. This will ensure that corporates that have already bought a distressed asset are not prohibited from bidding for more such assets.

Disqualification breather

The Bill also offers a disqualification breather to financial entities holding NPAs: they, too, will be exempted from Section 29A.

What's changing

- Home buyers to be treated as 'financial creditors'
- Promoters of MSMEs can bid for their own units
- New section of IBC to allow withdrawal of application admitted for resolution
- Regulator IBBI will get 'developmental' role

Interim Finance Minister Piyush Goyal introduced the Bill today in the Lok Sabha, after the Cabinet, on July 18, gave its consent for a Bill to replace the June 6 insolvency ordinance.

The June 6 ordinance — IBC (Amendment) Ordinance 2018 — was the second one issued by the government to make changes in the IBC, which was enacted in 2016.

The Bill treats home buyers as “financial creditors”, giving them a better say in the resolution plan of developers. Any amount raised from an allottee of a real estate project will be deemed to be an amount having the commercial effect of debt (borrowing). The Bill has also defined the expressions “allottee” and “real estate project”.

Further, the Bill allows the promoters of MSMEs to bid for their companies in any insolvency process. It also empowers the Centre, in public interest, to exempt MSMEs from the application of any other provisions of the Code.

The Bill provides for the insertion of a new section — Section 12A — to permit the withdrawal of application admitted for initiation of insolvency resolution process. The application can be made only with the approval of 90 per cent of voting share of the committee of directors.

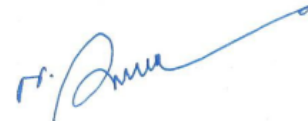
The Bill also provides for the lowering of the voting threshold for various decisions of the committee of creditors to 66 per cent for important decisions and 51 per cent for routine decisions.

The Insolvency and Bankruptcy Board of India’s (IBBI) will be given a “developmental” role similar to other regulators such as IRDAI and PFRDA. It will also be given the power to regulate the working and practices of certain professionals under the IBC.

The Bill further provides that the Limitation Act 1963 will apply to the proceedings or appeals under the IBC.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY

