



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

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Dear Comrades,

15th June , 2018

News of Interest 15th JUN

MOTIVATIONAL QUOTES

'DO YOUR WORK WITH YOUR WHOLE HEART, AND YOU WILL SUCCEED - THERE'S SO LITTLE COMPETITION. ' - ELBERT HUBBARD

HIGHLIGHTS

1. ICICI BANK DRAGS PUNJ LLOYD TO NCLT, STATE BANK OF INDIA OBJECTS
2. NPA IN INDIA: BANKS WROTE OFF 4.8 LAKH CRORE BAD LOANS SINCE 2009; CHECK FULL LIST
3. NO GUARANTEE THAT PUBLIC SECTOR OWNERSHIP WILL IMPROVE GOVERNANCE AT BANKS: UDAY KOTAK
4. PSU BANKERS' UNION CHALLENGES RBI'S FEBRUARY 12 BANKRUPTCY CIRCULAR
5. TRANSUNION OPENS FIRST GLOBAL CENTRE IN CHENNAI

Business Standard

1. ICICI Bank drags Punj Lloyd to NCLT, State Bank of India objects

ICICI Bank has filed the case against Punj Lloyd to recover dues of Rs 8.52 billion

Advait Rao Palepu

ICICI Bank has filed a case against Punj Lloyd, the international engineering procurement and construction company, in the National Company Law Tribunal (NCLT), New Delhi, for insolvency and bankruptcy proceedings.

The division bench headed by Justice M M Kumar has issued a notice to Punj Lloyd, saying the lender has moved the tribunal under the Insolvency and Bankruptcy Code (IBC).

ICICI Bank has filed the case against Punj Lloyd to recover dues of Rs 8.52 billion. However, the petition seeking initiation of insolvency proceeding against the corporate debtor was opposed by State Bank of India (SBI).

SBI disapproved the move on the grounds that the Reserve Bank of India's (RBI) February 12 circular gave corporate debtors six months time to resolve their debt and Punj Lloyd still had time to seek an out-of-court settlement.

Legal representative of SBI told the NCLT that the company's asset base only covered 5 per cent of its debt and there are 20 on-going projects, which are the only source of revenue for the company.

Further, the counsel for SBI said if insolvency proceedings against the company were initiated the projects would be halted. SBI is the leader of the lenders forum for Punj Lloyd.

Punj Lloyd is part of the RBI's second list of non-performing assets (NPAs) that were notified for proceedings under the IBC and has a total debt of over Rs 60 billion.

The company specialises in providing services for energy, infrastructure and defence sectors and has operations across West Asia, Africa, the Asia Pacific, South Asia and Europe

Punj Lloyd's stock price of the company fell 11 per cent from its closing price on the previous day to Rs 14.85, at the end of trade on the BSE.

The NCLT will hear the case on July 24.

Financial Express

2. NPA in India: Banks wrote off 4.8 lakh crore bad loans since 2009; check full list

NPA in India: In a major development, banks have largely written off a record Rs 1,44,093 crore of bad loans in the financial year ending March 2018

By: [FE Online](#) |

In a major development, banks have largely written off a record Rs 1,44,093 crore of bad loans in the financial year ending March 2018. The figure has gone up by 61.8 per cent from Rs 89,048 crore in the previous fiscal, according to an Indian Express report. Of the amount, public sector banks have written off Rs 1,20,165 crore loans. As on March 31, 2018, private and public sector banks (PSBs) have written off a bad loan amounting a whopping Rs 4,80,093 crore since 2009. Notably, 83.4 per cent of this amount, or Rs 400,584 crore, was written off by public sector banks, according to the data obtained by IE from ICRA.

According to the report, this written off policy is nothing new in the banking sector as banks normally do this after apprehending these loans are in the

doubtful recovery category. "It is technical in nature. It's a book adjustment. When a bad loan is written off, it goes out of the books of the bank. The bank will also get tax benefits. However, the bank will continue the recovery measures even after the loan is written off," said Pradeep Ramnath, former chairman and MD of Corporation Bank was quoted as saying.

Among the PSBs, the State Bank of India wrote off Rs 40,281 crore in 2017-18. Punjab National Bank (PNB), which was hit by Nirav Modi fraud case, wrote off Rs 7,407 crore. Indian Overseas Bank has written off Rs 10,307 crore. Apart these, in last 10 years, SBI alone wrote off Rs 1,23,137 crore. Other banks like Bank of India wrote off Rs 28,068 crore followed by Canara Bank with Rs 25,505 crore and PNB with Rs 25,811 crore, according to ICRA figures.

Private banks wrote off Rs 23,928 crore in the year ended March 2018 against Rs 13,119 crore the previous year. Axis Bank wrote off Rs 11,688 crore and ICICI Bank Rs 9,110 crore. The total write-offs by private banks in the last 10 years amounted to Rs 79,490 crore.

"Banks usually write off loans which are not recoverable. Borrowers are not informed about the write-off. Once a loan is written off, it's not counted as NPA. When recovery happens, it will add to the profits of the bank," said the CEO of a public sector bank speaking on condition of anonymity.

However, this practice has drawn a lot scepticism. "There is nothing like technical write-off. It's non-transparent and without any policy. Generally a write-off is small and used sparingly when there is some crisis. A technical write-off creates non-transparency, destroys the credit risk management system and brings all types of wrongdoings into the system. You must declare how much you are writing off. You are writing off public money. It's a scandal," former RBI Deputy Governor K C Chakrabarty was quoted as saying by IE.

3. No guarantee that public sector ownership will improve governance at banks: Uday Kotak

Amid rising frauds in banking and conflict of interest allegations against ICICI Bank's Chanda Kochhar, banker Uday Kotak has said it is "naive" to think diversified or state ownership is a panacea for good governance as lenders

By: PTI

Amid rising frauds in banking and conflict of interest allegations against ICICI Bank's Chanda Kochhar, banker Uday Kotak has said it is "naive" to think diversified or state ownership is a panacea for good governance as lenders. "As reflected by events around us, it is naive for policy makers to believe that diversified ownership/state ownership is the way to good governance in banking," Kotak said in an annual message to Kotak Mahindra Bank shareholders.

ICICI Bank's shareholding base is very diverse, while the fraud-hit Punjab National Bank is a state-run lender. Policymakers insist on diversification of ownership and have put caps on single shareholding in banks. Kotak, who has been asked to cut promoter stake in the bank to 20 per cent by December 2018, wondered how directors and managers with "no skin in the

game" or ownership are taking calls on lending and writing-off thousands of crores worth of sour loans.

Without naming any lenders or key executives currently mired in allegations, Kotak said bankers need to possess the qualities of prudence, simplicity and humility. "Errors of Commission not Omission destroy banks," Kotak, who recently chaired a markets regulatory Sebi-appointed committee on corporate governance, said. In the message titled "tryst with trust", he said laws and statutes need to be followed in "spirit" by the banking community and not in "letter" alone.

"The points which I have mentioned lie at the heart of restoring and sustaining trust in Indian banking," he said. Kotak said the recent losses by banks look "unreal" and the present stress is a "culmination of years of kicking the can" and added that for the next few quarters, the provisions will continue to be higher. Without naming Punjab National Bank, he said the over Rs 13,000-crore "Letter of Undertaking scandal" at the state-run lender is because of "gaps in operational risk management".

For a sound future, Indian banking needs a "harmonious functioning" between government and regulators, he said. Kotak's annual remuneration for the year saw a 11.03 per cent increase to Rs 3.18 crore, including basic salary, allowances, provident fund and annual incentives, the bank said, adding that the same has been approved by RBI. The remuneration paid to Kotak was 48.44 times the median remuneration for employees, which grew 8.53 per cent as against 10.26 per cent in FY17, the bank added.

Bucking a trend of a dip in headcount observed in some private sector lenders, total number of permanent employees for KMB increased to 35,717 at end of FY18 from the year-ago's 33,013. Kotak said the total number of customers has crossed 13 million as of March 31, while the bank is aiming to increase the same to 16 million by September 2018. He added that the country needs to grow at 9 per cent per annum for the next 20 years if it were to match China's current per capita income and it is pertinent for the wheels of finance to move seamlessly and speedily.

Economic Times

4. PSU bankers' union challenges RBI's February 12 bankruptcy circular

By Sarita C Singh

The biggest union of state-run banks has filed a writ petition in the Delhi High Court challenging the Reserve Bank of India's (RBI's) controversial February 12 circular that bankruptcy proceedings will kick in 180 days after a borrower misses a payment without allowing even a day's extension.

The All India Bank Officers' Confederation (AIBOC), which represents 3 lakh supervisory staff and officers in public-sector banks, said the provision will cause a loss of Rs 1 lakh crore, threatening the viability of banks and consequently the livelihood of its members. AIBOC wants the high court to quash the circular.

Members of the AIBOC said the court has issued a notice to the RBI after admitting the petition that was filed recently against the central bank and the government.

In its petition, the union has alleged the circular violates Articles 14 and 19 of the Constitution.

'Lenders Forced to Take Big Haircuts'

The petition says the RBI circular also ignores the recommendations of the Parliamentary Standing Committee on Finance that suggested different norms for non-performing assets (NPAs) in the infrastructure sector, and would have adverse consequences including causing massive losses for banks.

The circular has alarmed companies, many of which are stressed because of regulatory issues in infrastructure projects, delays in green clearances and land acquisition, fuel scarcity and a slowdown in the domestic and global economies.

The circular has also faced opposition from sections in the government. Principal economic adviser Sanjeev Sanyal is said to have issued a strongly worded note criticising the new norms that do not allow banks to give even a day's extension to a borrower after the 180-day period. The RBI, however, has stood firm so far.

The central bank issued the circular to nudge lenders to quickly identify loans which companies were unable to repay and to prompt borrowers to avoid deliberate delays.

The RBI also wants to punish defaulters by way of rating downgrades, which would make fresh borrowing costlier.

However, the petition claims that things have gone too far as the bankruptcy process involving the National Company Law Tribunal (NCLT) and the Insolvency and Bankruptcy Code (IBC) is causing heavy losses to banks. "The petitioner submits that the IBC and NCLT-based resolution processes have so far yielded far worse results with the lenders having to take far higher haircuts than many of the repealed restructuring schemes," the petition argued.

It said India's norms for classifying NPAs were already very strict, both in the Indian and global context.

The petition also cited observations and recommendations of the Parliamentary Standing Committee on Finance which assessed the issue of NPAs.

The committee, it said, had observed that the main reasons for the increase in NPAs include sluggishness in domestic growth, slowdown in global recovery, uncertainty in international markets that hit Indian exports as well as external factors including ban on mining projects, delays in approvals, power shortage and volatility in raw material prices and aggressive lending by banks in the past.

The petition said the parliamentary committee had also recommended separate NPA norms for infrastructure projects. "Even as the recommendations of the parliamentary standing committee report are still under consideration, the (RBI) issued the impugned circular, effectively making the existing asset classification and provisioning norms to be even more stringent..." it said.

Business Line

5. TransUnion opens first global centre in Chennai

Our Bureau

TransUnion, a global credit reporting agency and information solutions provider, opened its first Global in-house Centre (GIC) here on Thursday.

The company plans to hire about 500 full-time employees by the end of the year for the new facility, said the company.

“Chennai has got some of the best and brightest talent in the world,” said Mohit Kapoor, Chief Information and Technology Officer, TransUnion. He added that the company is open to having more GICs in Chennai and other regions.

On the amount invested in the new facility, Kapoor said he looks at it as human investment, rather than capital investment.

Located at the DLF Cyber City, the facility will allow the company to own the end-to-end technology development process without relying on third-party resources, the press release said. Kapoor said the new facility in Chennai will build products for global consumption. They will provide analytical data to banks and financial institutions for making informed decisions about lending, and end-user ‘products’ such as mobile apps.

On data security, Kapoor said consumer data is protected with the highest standards and information about consumers remains within the local market.

“The new facility can be used to develop anti-fraud products as also solutions in the commercial space with the talent pool available in India,” said Satish Pillai, Managing Director and CEO, TransUnion CIBIL.

Debasis Panda, Senior Director, GIC, said that TransUnion is committed to providing challenging and rewarding work and career growth opportunities for GIC associates.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)
GENERAL SECRETARY**

