



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
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Dear Comrades,

9th May, 2018

News of Interest 9th MAY

MOTIVATIONAL QUOTES

IT IS AMAZING WHAT YOU CAN ACCOMPLISH IF YOU DO NOT CARE WHO GETS THE CREDIT.

HARRY S TRUMAN

HIGHLIGHTS

1. HAVE A CIBIL SCORE OF 760? BANK OF INDIA OFFERS HOME LOANS AT CHEAPER RATES TO CUSTOMERS WITH GOOD CREDIT SCORE
2. VIDEOCON LOAN: NO ACTION TILL PROBE ON CHANDA KOCHHAR
3. GOVERNMENT WANTS TO KEEP HANDS OFF ICICI BANK ROW FOR NOW
4. PNB BOARD FACES A TOUGH DECISION ON 'PROVISIONING'
5. SUBHASH C KHUNTIA ASSUMES CHARGE AS IRDAI CHIEF

Financial Express

1. Have a CIBIL score of 760? Bank of India offers home loans at cheaper rates to customers with good credit score

Bank of India will offer preferential pricing rates to borrowers with good credit scores for home loans of Rs 30 lakh and above, the state-run lender said

By: PTI

Bank of India will offer preferential pricing rates to borrowers with good credit scores for home loans of Rs 30 lakh and above, the state-run lender said. Customers with CIBIL score of 760 and above will be offered loan at the minimum home loan interest rate or the marginal cost of lending rate (MCLR) for an year, the bank said in a statement. MCLR is the minimum

interest rate of a bank below which it cannot lend. Those with a score of 759 and less, the rate of interest for loans of Rs 30 lakh and above will come at MCLR plus 0.10 basis points for a year.

One basis points is 100th of a percentage point. Bank of India said borrowers availing home loans of over Rs 30 lakh will be benefited from the reduced rate of interest. A consumer's CIBIL score is a three-digit numeric summary of the credit information report (CIR) — summarising the past credit behaviour and repayment history — and ranges from 300 to 900.

The higher the score, the better are the chances of loan approval. Most banks check a consumer's CIBIL score and report before approving a loan. "Consumers with a good credit discipline should be rewarded, as it helps propagate the importance and need to maintain a good financial history. Our preferential pricing model aims to reward high-scoring home-loan aspirants with competitive ROI, thereby helping them making their dream home a reality," Bank of India said in a statement.

Credit Information Company TransUnion CIBIL's Head of Direct to Consumers Interactive Hrushikesh Mehta said: "Bank of India's CIBIL score-based incentive helps further highlight the need to monitor and build a positive credit profile through good credit habits."

2. Videocon loan: No action till probe on Chanda Kochhar

The government will act swiftly in the ICICI Bank-Videocon loan case if reports of investigative agencies indict the bank's management and it is waiting for the probe reports to have a clearer view, a senior official said

By: [FE Bureau](#)

The government will act swiftly in the ICICI Bank-Videocon loan case if reports of investigative agencies indict the bank's management and it is waiting for the probe reports to have a clearer view, a senior official said on Tuesday.

The government nominee on the ICICI Bank board — who hasn't been attending the board meetings after the controversy flared up in late March — will mark his presence once investigators give a clean chit to the board, said the official.

Lok Ranjan, a joint secretary in the department of financial services, last month replaced Amit Agrawal as the government's nominee director on the bank's board.

ICICI Bank on Monday announced its results for the fourth quarter of 2017-18.

The bank saw its consolidated net profits declining by 45% from a year before on a rise in bad loans. "The finance ministry hasn't yet offered any view on the loan case, as it is waiting for the investigations to be over," the official said. The Reserve Bank of India (RBI) as the banking regulator already has adequate power to act in this case as well, he added.

ICICI Bank chief executive Chanda Kochhar and her husband Deepak Kochhar are in the midst of the controversy on the issue of a Rs 3,250-crore loan to the Videocon Group in 2012. The deal recently made news after reports questioned the loan and linked it to a possible quid pro quo that

Videocon promoter Venugopal Dhoot allegedly had with NuPower Renewables, a company founded by Deepak Kochhar. The Central Bureau of Investigation (CBI) and the income tax department are investigating the allegations.

The ICICI Bank board, however, has stood by Chanda Kochhar. It has said the loan was granted by a consortium of banks, and ICICI Bank's share was less than 10%. The lending decision was taken by a committee, which also included independent members.

On Monday, Kochhar said the board had "made its stance very clear" on the conflict of interest in the Videocon loan issue and that she did "not have anything more to add".

ICICI Bank's consolidated net profit crashed 45% to Rs 1,142 crore in the March quarter. On standalone basis, the bank's net profit crashed 50% to Rs 1,020 crore in the last quarter, as bad loans weighed. Gross non-performing assets (NPAs) jumped to 8.84% of gross advances at the end of March, against 7.89% a year earlier. The bank said advances worth Rs 15,737 crore turned bad in the March quarter, of which, about Rs 9,900 crore was on account of RBI's new framework for stressed assets.

Interestingly, ICICI Bank's shares jumped an impressive 6.9% on the BSE on Tuesday, when the Sensex remained flat, with some analysts saying the bank's balance sheet clean-up exercise is a positive step.

3. Government wants to keep hands off ICICI Bank row for now

By Dheeraj Tiwari

The government doesn't want to take a stand in the controversy over conflict-of-interest allegations against ICICI chief executive Chanda Kochhar until investigations are complete, which is why its nominee Lok Ranjan skipped the board meeting on Monday, officials told ET.

"We are in a wait-and-watch situation," said a senior finance ministry official. "If the investigating agencies reveal any malfeasance, we will not remain passive." Another official said the government nominee's presence at the meeting would have been seen as an endorsement at a time when the outcome of investigations is unknown. The nominee, Ranjan, is joint secretary in the department of financial services.

The allegations relate to a Rs 3,250-crore loan by ICICI Bank to Videocon Group. The bank chief's husband Deepak Kochhar had set up NuPower Renewables as a JV with Videocon promoter Venugopal Dhoot.

Dhoot provided loans and subsequently transferred his stake in the firm to Kochhar, giving rise to allegations about a quid pro quo, first aired in 2016. The official cited above said the agenda was limited to the bank's financials and no other board member had brought up the Videocon issue.

CONCERNS AT RIGHT JUNCTURE

The official said the government will raise any concerns stemming from findings by the investigating agencies at the appropriate juncture. "Let them complete their investigation," he said, adding that the government is not

interested in disrupting the bank's functioning until there was sufficient grounds for doing so.

"The government cannot have a myopic view — ICICI is a strong bank and we want it to tide over its affairs and contribute to the economic growth of the country." The bank reported a halving of net profit in the March quarter from the year earlier due to the sharp rise in provisions for bad loans.

After the announcement of the bank's results, Chanda Kochhar said there was no discussion on the Videocon issue and that directors had already clarified their stance. The bank's board has repeatedly expressed support for Kochhar and noted that the loans given in 2012 to Videocon were approved by a credit committee headed by then chairman KV Kamath.

The income tax department has sought details of Deepak Kochhar's personal assets including apartments in Mumbai, indicating a wider probe into his affairs, apart from payments to NuPower made by Mauritius-based entities. The Central Bureau of Investigation has questioned Chanda Kochhar's brother-in-law Rajiv Kochhar for allegedly working on debt restructuring for companies that were ICICI Bank clients.

Business Line

4. PNB board faces a tough decision on 'provisioning'

KR SRIVATS

Plans to meet on May 15 to approve FY18 results

Punjab National Bank (PNB) will soon have to take a difficult decision over the quantum of provisioning that may have to be done for the ₹12,700-crore Nirav Modi-perpetrated scam that shook the banking system in February.

This is because the PNB board is slated to meet on May 15 to approve its financial results for 2018-19, sources said.

The bank, which is listed on the bourses, is yet to take a call on whether the provision for the alleged fraud should be staggered over two quarters or four quarters, said a bank spokesperson.

Providing for the entire amount at one go will wipe out its profits and considerably weaken the balance sheet of the bank and, is, therefore, not an option for the senior management, the spokesperson added.

Much would depend on the guidance that the RBI has provided in this regard, according to banking industry observers.

Accounting principles and standards globally provide that once a fraudulent action takes place, it should be provided for in the books of accounts immediately. This principle is, however, contingent on the fact that the transaction is fraudulent.

Expert take

The RBI may override the established accounting principles in the interest of the financial ecosystem. It may allow PNB to stagger the provisioning given the unique situation, Reshmi Khurana, Managing Director and Head of South Asia at Kroll investigations and disputes practice, told *Business Line*. As the investigation is still ongoing, people may take a conservative view and wait for the investigation to get fully resolved, she said.

"I don't think it will be either end of the spectrum where there will be either zero provisioning or 100 per cent provisioning. Some degree of proportionality and reasonableness will have to be applied. It's a hard one to predict. The real world is a bit more complex than accounting principles," said Reshmi.

She also said there is still some uncertainty on whether all Letters of Undertaking have matured or not.

Forensic audit

Meanwhile, BDO India, which was exclusively appointed by PNB in February to conduct a forensic audit, is yet to submit its report, it is learnt.

BDO was tasked with undertaking a forensic audit in respect of five specified firms of diamantaire Nirav Modi. There was no specific mandate for any forensic audit of the Mehul Choksi-led firms.

5. Subhash C Khuntia assumes charge as IRDAI chief

G NAGA SRIDHAR

Subhash C. Khuntia has taken charge as Chairman of the Insurance Regulatory and Development Authority of India (IRDAI).

A Karnataka cadre IAS officer of 1981 batch, Khuntia has vast administrative experience of working in several departments at the Central Government, including the Ministry of Finance (department of Economic Affairs); Ministry of Human Resource Development (School Education and Literacy) and Ministry of Petroleum and Natural Gas.

In the Karnataka Government, he worked in departments of finance, revenue, personnel, urban development, public works and ports. He has served as Secretary to Government of India, Department of School Education and Literacy and retired as Chief Secretary to Government of Karnataka.

Khuntia holds a Doctorate in Economics and a Post Graduate degree in Economics, Computer Science, Physics, Sociology, Political Science and Philosophy.

He is also a Graduate in Law. He is an alumnus of Ravenshaw College, Cuttack, Indian Institute of Technology, Kanpur and London School of Economics.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)
GENERAL SECRETARY**

