



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
(Affiliated to All India Bank Pensioners & Retirees Confederation – AIBPARC)
163/4, Kutchery Road, Mylapore, Chennai - 600004

E mail i.d: aiubparf@gmail.com/ ubioatnng@gmail.com/ suryanarayananram@gmail.com

| | | | |
|---|--|--|--|
| Com. P.B. Thomas Chairman Thiruvananthapuram M: 09447177456 | Com. Nitin Desai President Ahmedabad M: 097277 60641 | Com. S. Bagchi Working President Kolkata M: 0983081586 | Com. N. Govindarajulu General Secretary Chennai M: 09841089111 |
|---|--|--|--|

Dear Comrades,

16th May, 2018

News of Interest 16th MAY

MOTIVATIONAL QUOTES

THE AIM OF EDUCATION IS THE KNOWLEDGE, NOT OF FACTS, BUT OF VALUES.

WILLIAM S. BURROUGHS

HIGHLIGHTS

1. FREE BANKING SERVICES, INCLUDING ATM WITHDRAWAL OUT OF GST: FINMIN OFFICIAL
2. TWO INDEPENDENT DIRECTORS QUIT IDBI DAYS AFTER FIR IN AIRCEL LOAN CASE
3. NOW, ALLAHABAD BANK DIVESTS ITS CEO USHA ANANTHASUBRAMANIAN OF ALL POWERS
4. PNB NUMBERS DROP LIKE A STONE POST NIRAV SCAM
5. RBI IMPOSES PENALTY ON COOPERATIVE BANK
6. KARNATAKA BANK Q4 NET PROFIT PLUNGES 92%

Business Standard

1. Free banking services, including ATM withdrawal out of GST: FinMin official

The Department of Financial Services had approached its revenue counterpart to clear the confusion over the levy of GST on some of the free services offered by banks to their customers

Press Trust of India

Free banking services like cheque book issuance and ATM withdrawals are likely to remain out of the ambit of the GST, a senior finance ministry official said.

The Department of Financial Services had approached its revenue counterpart to clear the confusion over the levy of Goods and Services Tax (GST) on some of the free services offered by banks to their customers.

"The revenue department is likely to tell the financial services department that GST will not be levied on free banking services," an official told PTI.

Amid banks getting service tax notice for non-payment of the levy on free services, the Department of Financial Services (DFS) had approached the revenue department seeking clarity on whether such services would attract GST.

The DFS was of the opinion that services such as the issuance of cheque books, account statements and ATM withdrawals are free up to a certain limit and not commercial activities which cannot be brought under the ambit of GST.

The Indian Banks Association (IBA) on behalf of the management of banks too had made representation to the tax authorities.

The service tax notice for period 2012-2017 was served as tax officials were of the view that banks were not offering 'free services' but actually charging customers by asking them to maintain a minimum account balance.

Every bank offers a different slab of minimum balance to customers, based on which some free services are provided.

GST was rolled out from July 1, 2017, prior to which central excise and service tax was levied on goods and services.

2. Two independent directors quit IDBI days after FIR in Aircel loan case

Ninad Karpe and S Ravi, were named in the FIR filed by the CBI in connection with a Rs 6 bn loan given by the bank to former Aircel promoter C Sivasankaran, his son and companies controlled by him

Press Trust of India

Two independent directors, Ninad Karpe and S Ravi, have resigned from the board of state-owned IDBI Bank days after CBI filed FIR in connection with Rs 6 billion loan given by the bank to former Aircel promoter C Sivasankaran, his son and companies controlled by him.

Karpe and Ravi cease to be independent directors of IDBI Bank with effect from May 11 and May 12 respectively, an official said.

These directors had informed the board, which took note of their resignations yesterday.

The CBI's FIR had also named many officials including some of the independent directors including these two.

The case pertains to loans of Rs 3.22 billion and Rs 5.23 billion given to the companies of Sivasankaran, who was at the centre of Aircel Maxis probe for alleging that the then telecom minister Dayanidhi Maran had put pressure

on him to sell his company to a Malaysian telecom tycoon, a case in which Maran brothers have been discharged by a special court.

The loans later turned non-performing assets or NPAs.

The loan of Rs 3.22 billion was allegedly issued to Finland-based Win Wind Oy (WVO) by IDBI Bank in October 2010 which turned NPA three years later, the CBI has said in its FIR.

CBI has named 15 bank officials who worked at senior levels at IDBI Bank in 2010 and 2014 when loans were sanctioned to the companies controlled by Sivasankaran in its FIR registered on a complaint from the Central Vigilance Commission, they said.

Managing Director and CEO of Indian Bank Kishor Kharat (who was then MD and CEO of IDBI Bank) and his counterpart in Syndicate Bank Melwyn Rego (then Deputy Managing Director in IDBI Bank), along with then Chairman-cum-Managing Director of IDBI Bank M S Raghavan have been named in the FIR.

Financial Express

3. Now, Allahabad Bank divests its CEO Usha Ananthasubramanian of all powers

The Board of state-owned Allahabad Bank today divested its MD and CEO Usha Ananthasubramanian of all powers with immediate effect

By: PTI

The Board of state-owned Allahabad Bank today divested its MD and CEO Usha Ananthasubramanian of all powers with immediate effect, following a directive from the finance ministry after she was named in the CBI's charge sheet in PNB fraud case. Ananthasubramanian was the CMD of Punjab National Bank till May 2017.

Yesterday, the finance ministry had asked the boards of Allahabad Bank and PNB to take action against Ananthasubramanian and two executive directors of PNB. The PNB had yesterday divested its two executive directors of all powers.

"...the Board of Directors of the Bank in its meeting held on date has decided that Smt Usha Ananthasubramanian, MD & CEO be divested of all functional responsibilities of the Bank with immediate effect..." Allahabad Bank said in a regulatory filing.

It further asked the government to make suitable arrangements for smooth functioning of the bank. The CBI yesterday filed its first charge sheet in the PNB fraud case detailing the roles of Nirav Modi, his brother Nishal Modi and Subhash Parab, an executive in Nirav Modi's company.

Meanwhile, PNB today said that its total liability works out to Rs 14,356.84 crore on account of the fraud allegedly carried out by jewellery designer Nirav Modi and associates. The fraud was detected at PNB's Brady House branch in Mumbai involving certain accounts under 'gems and jewellery' sector wherein, through apparent connivance between "these entities and few employees of the bank", some LoUs/FLCs were issued fraudulently to

certain overseas branches of Indian banks through misuse of the SWIFT messaging system.

Economic Times

4. PNB numbers drop like a stone post Nirav scam

ET Bureau

State-run Punjab National Bank posted its highest-ever quarterly loss at Rs 13,416.91 crore in the January-March quarter as it took a massive hit from the Rs 14,000-crore Nirav Modi scam. The Delhi-based lender had reported a standalone profit of Rs 261.90 crore in the January-March period of the corresponding fiscal last year. It ended the FY18 with a net loss of Rs 12,283 crore, against a profit of Rs 1,324.8 crore in the year before.

The bad loans, or non-performing assets (NPAs), for PNB rose to Rs 86,620 crore at the end of March 2018, from Rs 55,370 crore a year ago. Net NPAs also rose to Rs 48,684 crore from Rs 32,702 crore over this period.

In a filing with the stock exchanges, the scam-hit lender has provided for Rs 7,178 crore, or half of the total Rs 14,356 crore loss in the fourth quarter of 2017-18, arising due to the fraud. The rest of the amount will be provided over three quarters of the current fiscal year.

The bank's share closed at Rs 86 on the BSE, down 3.8 per cent on a day when Bankex, the banking sector barometer, closed at 29,706.48, down 0.11 per cent.

PNB said it has paid Rs 6,586.11 crore to other banks to discharge its liabilities towards Letter of Undertakings (LoUs) and Foreign Letter of Credits (FLCs) issued fraudulently, and in an unauthorised manner to certain overseas branches of Indian banks through the misuse of SWIFT system of the bank which was then not integrated with CBS.

The gross NPAs rose to 18.38 per cent of gross advances at the end of March this year, as against 12.53 per cent year ago. Net NPAs have also soared to 11.24 per cent, against 7.81 per cent a year ago. The provisions for the bad loans jumped fourfold to Rs 16,203 crore for the quarter under review, compared with Rs 4,910 crore in the same period a year ago.

The bank's board had divested two executive directors — KV Brahmaji Rao and Sanjiv Sharan — of all financial and executive powers on Monday. The government's nominee on PNB's board had raised this issue after CBI had named them in a charge sheet filed in the Nirav Modi fraud case.

Since these two executive directors did not attend Tuesday's board meeting to consider and approve the fourth quarter financial result, their signatures are not on the annual financial results.

As per the quarterly numbers, the RBI detected gross NPA divergence of Rs 2,207 crore during FY17. Accordingly, the net profit of the bank was adjusted to Rs 532.6 crore as against declared profit of Rs 1,324.8 crore for entire 2016-17.

Business Line

5. RBI imposes penalty on Cooperative bank

OUR BUREAU

The Reserve Bank of India has imposed a penalty of ₹50,000 on Universal Co-operative Urban Bank Ltd, Mancherial, Telangana with respect to violations on loans and advances.

The apex bank in a release said the Cooperative Bank had violated its directive and guidelines on loans and advances to directors and their relatives. It had issued a show cause notice to the bank.

In response the Universal Cooperative Bank submitted a written reply. The RBI, after considering the facts of the case, the bank's reply and personal hearing came to the conclusion that the violations were substantiated and warranted imposition of penalty.

6. Karnataka Bank Q4 net profit plunges 92%

OUR BUREAU

Karnataka Bank registered a net profit of ₹11 crore in the fourth quarter of 2017-18 against a profit of ₹138.37 crore in the corresponding period of the previous fiscal, recording a decline of 92 per cent.

The board of directors of the bank, which met on Tuesday to consider the audited financial results for 2016-17, proposed a dividend of 30 per cent for 2017-18.

Terming Q4 as a challenging one, Mahabaleshwara MS, Managing Director and CEO, said that the bank utilised this opportunity to clean up the balance sheet by proactively identifying stressed assets and also by making prudent provisioning. During Q4 of 2017-18, the bank made an additional provisioning of ₹590.38 crore.

During the quarter, the bank registered a business growth of 17.59 per cent, advances growth of 28 per cent, CD ratio of 75.16 per cent, current account, savings account (CASA) share of 27.99 per cent and operating profit growth of 47.94 per cent.

Stating that the RBI had given certain dispensations earlier, Mahabaleshwara said those dispensations have been withdrawn now.

"We have considered all those as NPAs and provided accordingly. As a result, the NPA quantum and provisions have also gone up. In spite of that, we have been able to contain gross NPA to 4.92 per cent and net to NPA 2.96 per cent during Q4 2017-18," he said.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY