



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

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Dear Comrades,

21st May, 2018

News of Interest 21st MAY

MOTIVATIONAL QUOTES

'ONLY I CAN CHANGE MY LIFE. NO ONE CAN DO IT FOR ME.'
CAROL BURNETT

HIGHLIGHTS

1. WILFUL DEFAULTS BY PNB'S BIG BORROWERS SLIP FURTHER TO RS 152 BN BY APR-END
2. PNB REFUSES TO DISCLOSE DETAILS OF NIRAV MODI SCAM AS IT MAY HAMPER PROBE
3. NPA IN INDIA: PRIVATE BANKS WITNESS 450 PER CENT RISE IN BAD LOANS IN 5 YEARS; CHECK FULL LIST
4. TOP SLOTS FALL VACANT IN 12 STATE-RUN BANKS
5. IDBI BANK APPOINTS TWO INDEPENDENT DIRECTORS ON ITS BOARD

Business Standard

1. Wilful defaults by PNB's big borrowers slip further to Rs 152 bn by Apr-end

Big wilful defaulters are categorised by PNB as those borrowers with loan outstanding of Rs 2.5 million and over

Press Trust of India

State-run Punjab National Bank (PNB) saw wilful defaults by big borrowers slipping further to Rs 152 billion in April this year over the previous month, soon after suffering a record loss of more than Rs 134 billion for January-March due to frauds and bad loans.

The bank which posted a record loss of more than Rs 134 billion for the last quarter of 2017-18 closed the fiscal with big wilful defaults of Rs 152 billion, according to the PNB data.

Big wilful defaulters are categorised by PNB as those borrowers with loan outstanding of Rs 2.5 million and over.

The country's second largest public sector lender is already in troubled waters due to the Rs 143.57 billion fraud allegedly carried out by celebrity jewellery designer Nirav Modi and his associates.

Major defaulters in big borrowers' category include Kudos Chemie Rs 130 billion; Kingfisher Airlines Rs 5.97 billion; BBF Industries Rs 1 billion; ICOSA (India) Ltd Rs 1.34 billion; Arvind Remedies Rs 1.58 billion and Indu Projects Ltd Rs 1.02 billion.

Jas Infrastructure and Power Limited Rs 4.10 billion; VMC Systems Ltd Rs 2.96 billion; MBS Jewellers Pvt Ltd Rs 2.66 billion also figured in the list. These borrowers were part of the consortium lending by PNB.

Those among key borrowers who borrowed money solely from the bank included Winsome Diamonds and Jewellery Ltd Rs 8.99 billion; Zoom Developers Rs 4.10 billion; Forever Precious Jewellery & Diamonds Ltd Rs 7.47 billion.

Of the others are Surya Vinayak Industries Rs 1.33 billion; Nafed Rs 2.24 billion; and Mahuaa Media Rs 1.04 billion.

The scam-hit bank earlier last week posted a standalone net loss of Rs 134.16 billion for the January-March period of 2017-18, the biggest ever by any domestic lender, as bad loans surged.

As a result, provisions for the bad loans jumped four-fold to Rs 162 billion for the quarter under review compared to Rs 491 billion parked aside in the same period a year ago.

For the full fiscal 2017-18, bank posted standalone loss of Rs 122.82 billion against a profit of Rs 13.24 billion in 2016-17.

Bank's asset quality has witnessed sharp deterioration as gross net performing assets (NPAs) or bad loans, hit 18.38 per cent of gross advances at the end of March this year, as against 12.53 per cent a year ago.

Net NPAs were also soared to 11.24 per cent against 7.81 per cent year ago.

In absolute term, the gross NPA of the bank surged to Rs 866.20 billion in the fourth quarter as compared to Rs 553.70 billion in same quarter a year ago. Similarly, the net NPA also rose to Rs 486.84 billion from Rs 327.02 billion at the end of March 2017.

2. PNB refuses to disclose details of Nirav Modi scam as it may hamper probe

The bank was asked to provide details of inspection that resulted in detection of the fraud and provide a copy of inspection reports

Press Trust of India

State-run Punjab National Bank (PNB) has refused to disclose details of the audit or investigation that led to the detection of over Rs 130 billion fraud at the company, citing a clause that bars any disclosure that can impede the process of investigating or apprehending the offenders.

In reply to an RTI query, the state-owned bank also declined to share the copy of inspection reports related to the scam.

Since the matter is under investigation by the central investigating agency/agencies/law enforcement agency, providing of the desired information is exempted under Section 8 (1) (h) of the Right to Information Act, 2005, the PNB said in reply to the Right To Information application filed by a *PTI* correspondent.

The section bars disclosure of information which would impede the process of investigation or apprehension or prosecution of offenders.

The bank was asked to provide details of inspection that resulted in detection of the fraud and provide a copy of inspection reports.

The scam, considered to be the biggest ever in India's history, was reported earlier this year and involves PNB, the country's second-largest state-owned bank, getting allegedly defrauded by diamantaires Nirav Modi and his uncle Mehul Choksi, the promoter of Gitanjali Gems.

Besides the Central Bureau of Investigation (CBI), Income Tax and Enforcement Directorate, the RBI has also started a detailed probe into the case for necessary action.

Replying to an RTI query, the RBI had also earlier declined to share inspection reports for scam-hit PNB. In response to queries under the transparency law, the central bank had also clarified that the RBI does not carry out an audit of banks, but conducts inspection/risk-based supervision of banks.

Giving details for the past ten years, the RBI gave dates for the annual inspection carried out at the PNB head office between 2007 and 2017, except for 2011, for which the banking regulator said the "dates (are) not available".

When asked about the copies of inspection reports and details of objections raised by it, the RBI said the information was exempted under various clauses of the RTI Act. The central bank had forwarded the RTI query for further details to PNB.

Incidentally, market regulator Sebi has recently issued a warning letter to PNB for the delay in making disclosures about the Nirav Modi fraud.

Sebi observed that there were delays ranging from one to six days by PNB in making various disclosures to the stock exchanges pertaining to the filing of reports/complaints with the RBI and CBI.

Earlier this week, CBI filed two charge sheets in the case in a Mumbai court, in which it has also been alleged that PNB misled the RBI on issues relating to certain credit guarantees that are at the centre of the alleged fraud.

The charge sheet also names PNB's former CMD Usha Ananthasubramanian, who is currently CEO and MD of another state-owned lender Allahabad Bank, besides PNB's executive directors K V Brahmaji Rao and Sanjiv Sharan, and general manager (international operations) Nehal Ahad. All these officials have been divested of their functional powers.

On Tuesday, PNB said that its total liability now works out to Rs 14,356.84 crore on account of the fraud allegedly carried out by Modi and Choksi, both of whom are absconding.

Financial Express

3. NPA in India: Private banks witness 450 per cent rise in bad loans in 5 years; check full list

At a time when Non-Performing Assets (NPAs) of country's banks have been the subject of much debate and discussion, private banks have witnessed a massive jump in bad loans

By: [FE Online](#)

At a time when Non-Performing Assets (NPAs) of country's banks have been the subject of much debate and discussion, private banks have witnessed a massive jump in bad loans. There has been 450 per cent rise in gross NPAs of these banks as figures shows bad loans rose from Rs 19,800 crore at the end of financial year 2013-2014 to Rs 109,076 crore at the end of March 2018, according to The India Express report.

Top private banks such as ICICI Bank, Axis Bank, HDFC Bank, Kotak Mahindra Bank, Federal Bank, Yes Bank, IndusInd Bank, DCB Bank, RBL Bank and AU Small Finance have seen this rise. According to data obtained by IE, ICICI Bank's NPAs stood at 10,506 crore in FY 13-14, but rose to 54,063 crore in FY 17-18. Similarly Axis Bank's bad loans have risen from 3,146 crore in FY 13-14 to Rs 34249 crore in FY 17-18. HDFC Bank's NPAs were 2989 crore in FY 13-14. After FY 17-18, HDFC Bank's bad loans stood at 8607 crore. Kotak Mahindra, Federal Bank, Yes Bank, IndusInd Bank, DCB Bank, RBL Bank and AU Small Finance bad loans in FY 17-18 are 3825 crore, 2796 core, 2627 crore, 1705 crore, 369 crore, 567 crore and Rs 270 crore.

According to report, the Reserve Bank of India's (RBI) February 13 circular is the reason behind the rise in NPAs of private banks. The circular changed the rules governing the restructuring of stressed assets, besides the central bank's tough stance against divergence of NPAs. "Some private banks were understating NPAs earlier; now they have to disclose them," a banking source was quoted as saying by IE.

On February 12, 2018, the RBI had withdrawn all existing restructuring mechanisms such as Corporate Debt Restructuring and Strategic Debt Restructuring (SDR). The bank has categorically said that if a borrower company defaults even by a day, lenders must consider it a defaulter and start working on a resolution plan. Until then, bad loans were classified as such only after 90 days of default. The central bank also said the company's failure to come up with a resolution plan in 180 days would lead to the account being referred for insolvency proceedings. Both the government and the bankers had opposed the new framework.

“Initially, it (resolution) was not moving at the right pace. If you observe the recent bidding process, it’s going in the right direction. The response has been good. Many big accounts are in the last stage of resolution. Haircut in these accounts has come down. Initially, the bidding was very low but now bidding has been good and there’s good competition,” the CEO of a bank was quoted as saying IE.

Economic Times

4. Top slots fall vacant in 12 state-run banks

By Sangita Mehta

The government is faced with the pressing task of filling top slots at nearly a dozen state-run banks which will see vacancies soon. While nearly eight banks would have vacancies at the helm shortly, four are currently headless.

Senior officials from the banking circle said that this is first time that such a large number of vacancies at helm have been lying unfilled. This development should ideally force the government to hasten the appointments as a failure would leave them more vulnerable as banks are saddled with bad loans and strict central bank regulations.

Dena Bank, Andhra Bank and Punjab & Sind Bank -- have been without a head since the beginning of this calendar year. The fourth one -- Allahabad Bank -- also lacks leadership as the present CEO Usha Ananthasubramanian has been divested of all powers on allegations that the bank had not followed the regulator’s guidelines on Swift in connection with the Nirav Modi scam.

Similarly, PS Jayakumar, CEO of Bank of Baroda, would be completing his three-year term this year while Rajiv Rishi who completed his five-year term at Central Bank of India is unlikely to get an extension, although he has not completed 60 years -- the age PSU chiefs retire.

Among other bank CEOs whose terms have ended are Rakesh Sharma of Canara Bank, Kishor Kharat of Indian Bank, Melwyn Rego of Syndicate Bank, PK Bajaj of United Bank of India and RK Takkar of UCO Bank.

There are 19 executive directors eligible to fill the 12 vacancies for the CEO’s posts in different PSU banks.

“Those executive directors who have completed a year as ED and have two years remaining would be eligible for the CEO post,” said a senior official who did not want to be named. The cut-off date for applying was April 1, 2018. Apart from these 12 banks, two other prominent posts are vacant -- that of managing director at State Bank of India and deputy governor at Reserve Bank of India.

As many as 11 banks are facing restrictions from the Reserve Bank of India due to poor performance in terms of sharp rise in bad loans and losses posted over the past two years.

Absence of CEOs, particularly in banks like Dena Bank and Allahabad Bank which are facing lending restrictions, would make it difficult for these banks to come out of the red.

The BBB had already cleared the CEO appointment of Dena Bank and Andhra Bank. They are awaiting nod from the PMO.

Business Line

5. IDBI Bank appoints two independent directors on its board

PTI

IDBI Bank said its board has approved appointment of two new independent directors following the resignation of two board members last week.

The board on May 19, 2018, approved the appointment of Samaresh Parida and N Jambunathan as additional directors, IDBI Bank said in a filing to stock exchanges.

Parida is a consultant while Jambunathan was former Deputy Managing Director of SBI.

Last week, two independent directors Ninad Karpe and S Ravi resigned from the board of state-owned IDBI Bank days after CBI filed an FIR in connection with Rs 600 crore loan given by the bank to former Aircel promoter C Sivasankaran, his son and companies controlled by him.

The CBI's FIR had named the two independent directors and many other officials.

The case pertains to loans of Rs 322 crore and Rs 523 crore given to the companies of Sivasankaran, who was at the centre of Aircel Maxis probe for alleging that then telecom minister Dayanidhi Maran 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 322 crore 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.

The CBI has named 15 bank officials who worked at senior levels at IDBI Bank between 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.

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.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY