



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
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Dear Comrades,

23rd October , 2018

News of Interest 23rd OCT

MOTIVATIONAL QUOTES

“THE PAST CANNOT BE CHANGED. THE FUTURE IS YET IN YOUR POWER.”

UNKNOWN

HIGHLIGHTS

1. GOVT MAY ASK RBI TO EASE PCA NORMS, MOVE TO FREE UP RS 650 BN FOR PSBS
2. GOVT INFUSES RS 7 BN IN SYNDICATE BANK FOR PREFERENTIAL ALLOTMENT OF SHARES
3. SBI PLANS TO RAISE UP TO RS 25,000 CRORE IN FY19
4. LAKSHMI VILAS BANK SHORTLISTS FIVE INVESTORS TO SELL STAKE
5. 'AVERAGE INCOME OF SALARIED, NON-SALARIED & CORPORATE TAXPAYERS RISES OVER LAST 3 YEARS'

Business Standard

1. Govt may ask RBI to ease PCA norms, move to free up Rs 650 bn for PSBs

Govt to pitch for alignment of PCA provisions with globally accepted Basel norms

The Union government may take up the issue of relaxing minimum capital requirement norms for lenders in a bid to free up additional money and provide liquidity to the banking system in the board meeting of the Reserve Bank of India (RBI) slated for Tuesday, sources said.

Economic Affairs Secretary Subhash Chandra Garg and Financial Services Secretary Rajiv Kumar are the government's representatives on the board of the RBI.

During an annual review meeting held last month, Finance Minister Arun Jaitley had said that the demands of the public sector banks (PSBs) to ease prompt corrective action (PCA) framework for the banking system in the country will be taken up with RBI.

However, the RBI may take a tough stance as its Deputy Governor Viral Acharya had indicated earlier this month that the imposition of PCA helped in "stabilising the banks at risk" and any relaxation to the framework may be avoided.

The government is mainly going to pitch for alignment of PCA provisions, in terms of various risk weights, provisioning and capital norms, with the globally accepted Basel norms.

Basel-III, an international regulatory framework for banks, is being implemented in India in phases since April 2013, and will be fully implemented by March 2019.

The minimum capital requirement of banks was one main area of the PCA guidelines which may be sought to be relaxed. According to the RBI, the common equity tier 1 (CET-1) of banks must be at least 5.5 per cent of its risk-weighted assets. However, the government feels that the RBI should prescribe banks to keep CET-1 at 4.5 per cent of their assets, which was stipulated by the Basel Committee on Banking Supervision while releasing its report on Basel-III norms in December 2010.

Banks are required to maintain a minimum capital, in terms of capital to risky asset ratio and CET-1, to ensure they do not lend all the money they receive as deposits and keep a buffer to meet future risks.

The move may unlock capital of around Rs 600-650 billion for PSBs, according to the government's estimates, sources said. The government is supposed to infuse Rs 650 billion in PSBs in the current financial year, out of which it has already infused around Rs 191 billion in several PSBs.

"Bankers have certain expectations which I have told them we will consider. Some of them (banks) mentioned that the PCA guidelines should be revisited as they are indirectly affecting their lending ability," Jaitley had said on September 25, after the annual review meeting of PSBs.

The government may further demand doing away with the need to maintain further capital conservation buffer (CCB) in the present financial year. Banks had already built up a buffer of 1.875 per cent by March 2018. An official said the requirement for maintaining additional buffer of 0.65 per cent for the present financial year is, hence, not required.

The government may also demand the regulator to look at the provision coverage ratio (PCR) as a parameter for PCA instead of focusing on breaching threshold limits on net NPA. The PCR refers to the proportion of bad assets that has been provided for.

Currently, any of the three scenarios -- banks registering net NPA level of six per cent, two consecutive years of negative return on assets, defined as a percentage of profit to average total assets, or the capital adequacy ratio falling below the regulatory requirement -- can prompt the RBI to put a bank under the PCA.

The PCR of PSBs stood at 63.8 per cent in the first quarter of this financial year, 6.3 percentage points higher than a PCR of 57.5 per cent in 2014-15, a year before the RBI initiated its asset quality review.

After tightening the framework in 2017, the RBI had put 11 out of 21 PSBs under PCA. These are Central Bank of India, IDBI Bank, Indian Overseas Bank, Corporation Bank, Bank of India, United Bank of India, Dena Bank, Bank of Maharashtra, UCO Bank, Oriental Bank of Commerce, and Allahabad Bank.

In fact, the RBI has put restrictions on all fresh lending by Dena Bank, while restricting lending to risky assets and raising high-cost deposits for Allahabad Bank after further deterioration in their performance in 2017-18.

The RBI uses the PCA as an early warning tool to maintain sound financial health of banks, initiated once the thresholds related to capital, asset quality, and non-performing assets are breached. The PCA framework has been in place since 2002, but was revised and tightened by the RBI in 2017.

2. Govt infuses Rs 7 bn in Syndicate Bank for preferential allotment of shares

The bank will be taking necessary approvals for allotment of requisite equity shares to the government in due course of time, Syndicate Bank added

[Press Trust of India](#) | New Delhi

Public sector Syndicate Bank Monday said it has received capital infusion of Rs 7.28 billion from the government in lieu of preferential allotment of shares.

The bank said that the finance ministry had conveyed to the bank on October 17 of getting government sanction for release of Rs 7.28 billion towards contribution of the preferential allotment of equity shares during 2018-19 under plan as government's investment.

"The said fund was received by the bank on October 22 and has been kept in Syndicate Bank Share Application Money Account," it said in a regulatory filing.

The bank will be taking necessary approvals for allotment of requisite equity shares to the government in due course of time, Syndicate Bank added.

Central Bank of India will get Rs 23.54 billion in return to preferential allotment of shares to the government. The bank last week said that it will take up for approval the allotment of more than 35.4 crore equity shares to government to infusion capital at its extra-ordinary general meeting to be held on November 13.

As part of PSBs' recapitalisation, the government in October 2017 had announced a massive Rs 2.1 trillion infusion in the course of 2017-18 and 2018-19 with the objective of strengthening them in the face of mounting non-performing assets (NPAs).

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

In 2017-18, Rs 881.39 billion was infused into 20 public sector banks (PSBs).

The banks will get capital infusion of Rs 650 billion in 2018-19.

Earlier in July this year, five PSBs including Punjab National Bank, Corporation Bank and Andhra Bank had received a total of Rs 113.36 billion out of the capital infusion plan for this fiscal.

In this, PNB which is hit by Nirav Modi scam, got the highest amount of Rs 28.16 billion, Allahabad Bank Rs 17.90 billion, Andhra Bank Rs 20.19 billion, Indian Overseas Bank Rs 21.57 billion and Corporation Bank Rs 25.55 billion.

Stock of Syndicate Bank closed 0.63 per cent down at Rs 31.65 on the BSE.

Financial Express

3. SBI plans to raise up to Rs 25,000 crore in FY19

The country's largest bank SBI said Monday it seeks to raise up to Rs 25,000 crore during the current financial year, including up to Rs 5,000 crore through bonds to meet capital adequacy norms

By: [PTI](#) |

The country's largest bank SBI said Monday it seeks to raise up to Rs 25,000 crore during the current financial year, including up to Rs 5,000 crore through bonds to meet capital adequacy norms. The central board of the bank gave its approval to two proposals of the bank, State Bank of India (SBI) said in a regulatory filing.

The board accorded approval to the bank to raise Basel III compliant Tier 2 bonds up to Rs 5,000 crore in USD/domestic currency to overseas and/or Indian investors during 2018-19, through a public offer/private placement.

SBI also received approval for an enabling resolution for raising equity capital. The resolution provides for raising "equity capital up to an amount of Rs 20,000 crore during FY2018-19 from the market by way of FPO/ QIP/ Preferential allotment/ Rights issue/ any other mode or a combination of these, to be decided at the opportune time", the filing said. SBI shares closed almost flat at Rs 259.95 on BSE.

Economic Times

4. Lakshmi Vilas Bank shortlists five investors to sell stake

By *Indulal PM*

Five financial investors, including the Blackstone Group, Bain Capital and TPG Capital Management, have been shortlisted to buy a controlling stake in Lakshmi VilasNSE 3.24 % Bank, reflecting continued private equity interest in the country's financial services space.

Baring Private Equity Asia and home-grown Gajja Capital are the two other contenders left in the penultimate round to acquire the 92-year-old, South-based bank, multiple sources with knowledge of the matter told ET.

"Our advisers JP Morgan have shortlisted a few of the bidders," said P Mukherjee, managing director of the bank in an email reply confirming the matter.

The process continues now. The extent of investment and the timing thereof is yet to be worked out," he said.

The non-binding offers are in the range of Rs 140 to Rs 160 per share, valuing the private sector lending between Rs 3,592 crore and Rs 4106 crore, sources said. Offers are at a considerable premium to Monday's closing price of Rs 89.5 a share.

Bidders have started due diligence and final offers are due by the second week of November, sources said. J.P. Morgan & Chase is running a formal process to find a buyer.

The target bank and their prospective bidders - Blackstone Group, Bain Capital and TPG Capital Management, Baring and Gajja Capital - did not comment.

The five bidders were shortlisted from as many as 15 investors that have shown initial interest. This included Carlyle Group, Aion Capital, a joint venture between Apollo Global management and ICICI Venture, True North and General Atlantic, besides strategic players such as DBS.

The successful investor will have to make an open offer to the public shareholders of the bank.

ET first reported on May 28 that Lakshmi Vilas Bank has hired JP Morgan to find a buyer for a controlling interest in the lender and has received indicative interests from private equity funds and DBS.

The deal is expected to close by November end and will be on the lines of the Fairfax Financial Holding's investment in Kerala-based Catholic Cyrian Bank. The Fairfax deal was the first in which a foreign investor picked up a controlling stake in a private bank after the central bank tweaked norms for banking sector takeovers in May 2017.

In November 2017, Lakshmi Vilas raised Rs 800 crore through a rights issue of shares. The promoters only hold 9.03 percent in the widely held bank, with public shareholders - that would include foreign portfolio investors and financial institutions - holding the remaining 90.97 percent.

The bank was founded in 1926 by seven businessmen from Karur, Tamil Nadu, under the leadership of VSN Ramalinga Chettiar to cater to the financial needs of the people in and around the region.

From being a community bank, Lakshmi Vilas has emerged as a big private sector lender. It currently has 523 branches across the country with a total business volume of Rs 64,000 crore.

Business Line

5. 'Average income of salaried, non-salaried & corporate taxpayers rises over last 3 years'

PTI

The number of and average income declared by salaried and non-salaried categories of taxpayers in the country have increased over the past three years, the CBDT said on Monday. The policy-making body for the Income Tax Department (ITD), while releasing the latest data, also said that the "average tax" paid by corporates and individual taxpayers has seen a jump over the same time period.

The number of salaried and non-salaried taxpayers saw an increase between 2014-15 and 2017-18 assessment years (AY) and it was a result of continuous efforts of the department initiated for widening and deepening the taxpayer base in the country, it said.

"During a three-year period (assessment year 2014-15 to 2017-18), the number of salaried taxpayers has increased from 1.70 crore (assessment year 2014-15) to 2.33 crore (AY 2017-18). This is a rise of 37 per cent. Also, the average income declared by the salaried taxpayers has gone up by 19 per cent from Rs 5.76 lakh to Rs 6.84 lakh," the Central Board of Direct Taxes (CBDT) said in a statement.

During the same period, it said, there has also been a growth of 19 per cent in the number of non-salaried individual taxpayers from 1.95 crore to 2.33 crore and the average non-salary income declared has increased by 27 per cent from Rs 4.11 lakh in AY 2014-15 to Rs 5.23 lakh in AY 2017-18.

Talking about the corporate taxpayers, it said the average tax paid by this category of assessees "has increased from Rs 32.28 lakh in AY 2014-15 to Rs 49.95 lakh in AY 2017-18, which is a growth of 55 per cent. There is also an increase of 26 per cent in the average tax paid by individual taxpayers from Rs 46,377 in AY 2014-15 to Rs 58,576 in AY 2017-18," it said.

CBDT Chairman Sushil Chandra said the department will ensure that the honest taxpayer is facilitated and helped at all times, while there will be strict legal and prosecution action against tax evaders. "We are using a lot of data analytics and non-intrusive ways to check tax evasion. The department is committed to bring more and more easiness and transparency for the taxpayers while dealing with the department," Chandra said.

He said that the contribution of direct taxes to the total revenue kitty in the country is the highest and stands at 52 per cent at present. The Board also said that there has been a "constant growth in direct tax-GDP ratio over last three years and the ratio of 5.98 per cent in financial year 2017-18 is the best in the last 10 years."

The number of people who file tax returns has also increased by about 65 per cent during this period from 3.31 crore in FY 2013-14 to 5.44 crore in 2017-18 fiscal, the CBDT said in the statement. It said that a growth of more than 80 per cent has been registered vis-a-vis the number of returns filed in the last four financial years -- from 3.79 crore in FY 2013-14 to 6.85 crore in FY 2017-18.

Another area of "continuous" growth under the direct taxes category has been seen in the amount of income declared in the ITRs field by all categories of taxpayers over the last three assessment years, it said. "For AY 2014-15, corresponding to the FY 2013-14, the return filers had declared

gross total income of Rs 26.92 lakh crore, which has increased by 67 per cent to Rs 44.88 lakh crore for AY 2017-18, showing higher level of compliance resulting from various legislative and administrative measures taken by the government including effective enforcement measures against tax evasion," it said.

The CBDT also put these figures as part of the latest "time-series data" on the IT Department's official web portal --www.incometaxindia.gov.in. It said that this data put in public domain will be "found to be useful by the academicians, scholars, researchers, economists, and the public at large in studying long-term trends of various indices of the effectiveness and efficiency of direct tax administration in India."

With kind regards,

Yours Comradely,



(**N. GOVINDRAJULU**)
GENERAL SECRETARY