



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
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Dear Comrades,

10th September , 2018

News of Interest 10th SEP

MOTIVATIONAL QUOTES

“OUR EYES ONLY SEE AND OUR EARS ONLY HEAR WHAT OUR BRAIN IS LOOKING FOR.” □ DAN SULLIVAN

HIGHLIGHTS

1. RBI TO CONDUCT SPECIAL AUDIT OF IL&FS OVER LOAN DEFAULTS WORTH RS 10 BN
2. HDFC LIFE'S AMITABH CHAUDHRY APPOINTED AS CEO & MD OF AXIS BANK
3. MATTER OF CONCERN: BANK DEPOSIT GROWTH LAGS FOR A YEAR
4. SEBI MAY SUMMON KOCHHAR'S SOON; BOARD TO DISCUSS COORDINATED EFFORTS WITH GOVT, RBI
5. RBI SLAPS □1-CR PENALTY ON UNION BANK

Business Standard

1. RBI to conduct special audit of IL&FS over loan defaults worth Rs 10 bn

IL&FS has been facing liquidity problems for some time now

Anup Roy

The Reserve Bank of India (RBI) has decided to conduct a special audit of Infrastructure Leasing & Financial Services (IL&FS) after it defaulted on Rs 10 billion worth of inter-corporate deposits raised from Small Industries Development Bank of India (Sidbi). The RBI will likely investigate why the investment company did not inform it beforehand about its financial position.

A source said when a core investment company defaults; it is a standard procedure for the RBI to conduct a special audit. Another source, however,

said the audit is being done after Sebi requested the banking regulator to do so.

Both IL&FS and the RBI did not respond to *Business Standard's* queries.

Recently, IL&FS's financial arm had also informed the stock exchanges that it could not repay commercial papers (CP) raised from mutual funds on due dates August 28 and August 30 but settled in full on August 31. Following this, the RBI barred the company from accessing the CP market till February 28, 2019. Besides, the central bank warned IL&FS Financial Services to reduce its loan exposure to group companies, which had breached the regulatory limits.

IL&FS has been facing liquidity problems for some time now and had asked its promoters, led by Life Insurance Corporation, to infuse Rs 45 billion via a rights issue by the end of September. The rights issue will be completed by October 30. As on March 31, 2018, IL&FS's net worth was Rs 74 billion. IL&FS has also sought additional lines of credit worth Rs 90 billion to increase its liquidity position.

Faced with over leverage and tight liquidity conditions, the IL&FS group will shed its overall debt by Rs 300 billion by sale of 25 projects over 12-18 months.

2. HDFC Life's Amitabh Chaudhry appointed as CEO & MD of Axis Bank

Chaudhry will replace outgoing MD & CEO Shikha Sharma whose term ends on December 31

Nikhata Hetavkar

Amitabh Chaudhry has been appointed managing director and chief executive of Axis Bank for a three-year term. He will take charge on January 1, 2019.

Chaudhry, 54, will succeed the current MD & CEO Shikha Sharma, whose term ends on December 31. Chaudhry, who's MD & CEO at HDFC Life Insurance, has resigned from the post.

The board of private sector lender Axis Bank on Saturday vetted Chaudhry's appointment after getting approval from the Reserve Bank of India (RBI), Axis Bank said in a statement. The bank board considered the terms and conditions relating to Chaudhry's appointment including his remuneration. In July, the bank had submitted three names for the top job to the RBI.

HDFC Standard Life Insurance Company will now hold a meeting on September 12 to decide on the new CEO.

Chaudhry, an engineering graduate from the Birla Institute of Technology & Science (BITS) Pilani and an alumnus of IIM Ahmedabad, has been associated with HDFC Life since January 2010. He had earlier held senior management positions in Bank of America, Calyon Bank and Infosys BPO.

In April, the bank had announced that Sharma requested the board to reconsider the period of her re-appointment to be revised from June 1 to December 31. Soon after, the bank had appointed Egon Zehnder, a global leadership advisory firm, to find Sharma's successor.

Last December, the bank board had decided to reappoint Sharma as the MD & CEO, for a period of three years, till June 2021.

Sharma stepped down after the RBI raised questions over her re-appointment despite the rising non-performing assets (NPAs) and governance issues such as inquiries into earning leaks over social media chat service WhatsApp.

Financial Express

3. Matter of concern: Bank deposit growth lags for a year

Double-digit growth in deposits has eluded banks for a year now with the rate of growth of households savings moderating and more surpluses finding their way into mutual funds

By: [Shritama Bose](#) |

Double-digit growth in deposits has eluded banks for a year now with the rate of growth of households savings moderating and more surpluses finding their way into mutual funds. Data released on a fortnightly basis by the Reserve Bank of India ([RBI](#)) showed that bank deposits grew between 3 and 10% year-on-year (y-o-y) in the fortnights between August 18, 2017 and August 17, 2018.

The last time the banking system reported a more than 10% growth in deposits was during the fortnight ended August 18, when the increase was 10.3%. At the same time, deposit growth has recovered from the lows of 3-5% y-o-y growth witnessed during November 2017-January 2018, when the effect of a demonetisation-induced high base came into play. The latest fortnight for which data is available, ended August 17, saw bank deposits growing at 8.3% to ₹115.11 lakh crore. As a share of gross national disposable income (GNDI) deposits have fallen to 2.9% in 2017-18 from 6.3% in 2016-17.

In recent months, bankers, too, have flagged the slow growth in deposits. Rajnish Kumar, chairman, SBI, said banks losing savings to the markets is a matter of concern. Addressing an event, Kumar observed that while the previous year had seen current account and savings account (CASA) deposits grow as much as 26%, growth had slipped to 9% in the current year. "Term deposits are not growing as much and the reason is that the rates of interest which banks are today offering on a fixed deposit, when compared to many other competing products, particularly the flow of funds to the mutual fund industry, the growth has slowed down," Kumar said.

On February 28, SBI had raised interest rates on retail fixed deposits (FDs) for the first time in close to three and a half years. Between February and September, the rate offered by the bank for one-year money has risen 45 basis points (bps) to 6.7% per annum. The savings rate at the bank, as at most of its large peers, stands at 3.5%.

Apart from losing retail deposits to mutual funds, some banks, especially those under the prompt corrective action (PCA) framework, have consciously begun to shed bulk deposits. In a recent note, ratings agency Icria said that the lowering of bulk deposits in their PCA banks' portfolios is reflected in their CASA ratio improving to 37.6% as on March 31, 2018, from 29.6% as on June 30, 2016. Of this, the savings deposits increased to 31.1% (March 31, 2018) of total deposits from 23.7% (June 30, 2016).

Economic Times

4. Sebi may summon Kochhars soon; board to discuss coordinated efforts with govt, RBI

PTI

Capital markets regulator Sebi (Securities and Exchange Board of India) may soon summon ICICI Bank's on-leave CEO Chanda Kochhar and her husband with regard to a probe into alleged regulatory lapses with regard to his business dealings, officials said Sunday.

Besides, some other top officials of the bank, as also from Videocon, which allegedly benefitted due to its association with Kochhar's husband, are also likely to be called for their personal hearings regarding charges against them that may lead to the bank and its embattled chief being slapped with several crores of rupees in fines and other penal actions including ban from markets and directorships.

According to top officials, the multi-agency probe into ICICI Bank and business dealings of the Kochhar family will also be discussed by Sebi's board next week as it has been felt that coordinated efforts are required to be taken by Sebi, RBI and the government in this case due to its systemic importance.

The bank and Kochhar have been maintaining there has been no regulatory violation on their part and that she was not aware of specific business dealings of her husband.

The board of Sebi has got representatives from the finance and corporate affairs ministries as well as the Reserve Bank, besides its own whole time members and independent members.

Among others, this case is already being looked into by the RBI and the Corporate Affairs Ministry.

Sebi had earlier issued show cause notices to ICICI Bank, Kochhar and others after its preliminary examination favoured initiating adjudication proceedings against them for alleged violation of listing disclosure norms regarding 'conflict of interest' in business dealings of her husband with Videocon Group.

Kochhar is believed to have maintained that she had no information about her husband's business dealings, while the bank has also given similar replies.

However, the regulator is of the view that Kochhar or the bank cannot feign ignorance in this matter as they have been regularly listing the name of her husband Deepak Kochhar as a 'related party' in the regulatory filings of the company, including in the latest annual filing submitted to the US markets regulator SEC, which is incidentally also probing the case, officials said.

The bank has maintained the same stance in its submissions to the SEC as well, officials added.

While the US regulator may eventually agree to settle the matter on payment of some settlement fees, officials said it is unlikely to be the case here in India even though the bank has indicated such a willingness to both the regulators.

The bank is being probed for a number of serious allegations including about disclosure lapses regarding business dealings of the CEO's husband and brother-in-law that are suspected to be directly or indirectly linked to the bank or its big borrowers, officials said.

The regulator may soon issue summons for personal hearings of Kochhars and others over the next few weeks, they said.

ICICI Bank may face a penalty of up to Rs 25 crore under the relevant Sebi regulations for such lapses, while the fine for Kochhar may go up to Rs 10 crore, besides other penal actions, a senior official said.

On its part, ICICI Bank's board has also constituted an "independent enquiry" and Kochhar has gone on leave till completion of this enquiry.

While Kochhar remains MD and CEO, the group's life insurance business head Sandeep Bakshi has been appointed as a whole time director and COO to handle day-to-day operations of the bank. Bakshi reports to Kochhar officially.

The bank has maintained that its board has full faith in Kochhar.

As per Sebi's preliminary probe, Chanda Kochhar's husband Deepak Kochhar has had many business dealings with Videocon Group over the last several years.

Besides, Deepak Kochhar and Videocon chief Venugopal Dhoot were co-founders and promoters of NuPower, besides other associations.

The cases under scanner include the significant loan exposure of the bank to Videocon way back in 2012 and the alleged involvement of Kochhar's family members in the restructuring of that loan. Kochhar and her family members are facing allegations of quid pro quo and conflict of interest with respect to a loan extended to certain entities.

Among other agencies, the CBI is also probing the case.

Business Line

5. RBI slaps ₹1-cr penalty on Union Bank

OUR BUREAU

Union Bank of India, on Friday, said the Reserve Bank of India has imposed a ₹1-crore penalty on the bank for delay in detection and reporting of fraud.

In a stock exchange notice, the public sector bank said the RBI had issued a show cause notice on January 15, 2018, calling upon the bank to explain why penalty should not be imposed under the Banking Regulation Act. The bank submitted its written reply on February 1.

The bank's representatives made oral submissions during the personal hearing on April 18 before the RBI's committee of Executive Directors.

"The reply, as well as oral submission made by the bank in the personal hearings, and also additional documents furnished, have not been found adequate by the RBI, leading to the imposition of ₹1-crore penalty," Union Bank said in the notice.

With kind regards,

Yours Comradely,



(**N. GOVINDRAJULU**)
GENERAL SECRETARY