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Dear Comrades,

17 th September , 2018

News of Interest 17th SEP

QUOTE OF THE DAY

'WITH THE NEW DAY COMES NEW STRENGTH AND NEW THOUGHTS. '

ELEANOR ROOSEVELT

HIGHLIGHTS

- 1. HDFC BANK USES WHATSAPP, EMAIL TO REACH OUT TO CUSTOMERS DODGING COMPLIANCE**
- 2. NUMBER OF JAN DHAN ACCOUNT HOLDERS REACH 32.61 CRORE AS 20 LAKH JOIN MODIFIED SCHEME**
- 3. BANK OF INDIA HOPES TO RAISE RS 1,000 CRORE BY SELLING NON-CORE ASSETS, REAL ESTATE**
- 4. EX-DEPUTY GOVERNOR OF RBI, KC CHAKRABARTY, UNDER LENS IN KINGFISHER DEBT, AIR WORTH CASES**
- 5. LIC COMES TO THE RESCUE OF IL&FS; BOARD APPROVES REVIVAL PLAN**

Business Standard

1. HDFC Bank uses WhatsApp, email to reach out to customers dodging compliance

The bank has been adopting this method after a Supreme Court appointed amicus curiae recommended closure of proceedings in all cheque bounce cases through digital means

Press Trust of India

HDFC Bank has sent nearly 250 summons through e-mail and WhatsApp to customers who evade compliance and hopes to settle cases faster by adopting the newer methods of communication.

"HDFC Bank is pursuing with various courts in the country to take up digital means of communication which include issuing notices, summons, through e-mails and WhatsApp which will help in faster disposal of the cases," a bank official said.

The official said over 6 million cheque bounce cases are pending in the country and HDFC Bank has taken a lead by requesting the courts to use digital means to issue summons.

"We have been sending summons through e-mail, on WhatsApp. In many cases, we have seen that customers deny having received any summon at all if sent through post.

"It also happens that people change residence more often but their e-mail IDs and mobile phone number do not change in general, so we thought this is an effective means of communication," the official said.

The bank has been adopting this method after a Supreme Court appointed amicus curiae recommended closure of proceedings in all cheque bounce cases through digital means.

The offence falls under section 138 of the Negotiable Instruments Act which defines and amend the law relating to promissory notes, bills of exchange and cheques.

HDFC Bank has sent nearly 250 summonses through digital means so far and hopes to settle the cases falling under the Act in a speedy manner, said the official.

The summons sent digitally so far by the bank are mainly concentrated in Maharashtra, Gujarat, West Bengal, Odisha, Tamil Nadu, Uttar Pradesh.

A few cases are related to accounts in Delhi, Chandigarh, Rajasthan and Jammu & Kashmir.

Majority of these summons have been sent on e-mail, a significant on WhatsApp while others have been sent on both platforms.

Sending digital summon assumes significance as the pending cheque bounce cases in various lower courts is clogging the criminal justice system, the bank official said.

There are over 1.93 crore criminal cases pending across the country, as per the latest data of National Judicial Data Grid.

Financial Express

2. Number of Jan Dhan account holders reach 32.61 crore as 20 lakh join modified scheme

As many as 20 lakh people have joined the modified Pradhan Mantri Jan Dhan Yojna (PMJDY), taking the total number of account holders in the flagship financial inclusion programme to 32.61 crore as on September 5, according to finance ministry data

By: PTI

As many as 20 lakh people have joined the modified Pradhan Mantri Jan Dhan Yojna (PMJDY), taking the total number of account holders in the flagship financial inclusion programme to 32.61 crore as on September 5, according to finance ministry data.

The government earlier this month relaunched PMJDY as an open-ended scheme with higher insurance cover and double the overdraft (OD) facility.

The Union Cabinet decided to continue the scheme beyond the four-year period ended August 14 with an aim to take the formal banking system from "every household to every adult".

During the August 15-September 5 period, the total deposits in 32.61 PMJDY accounts witnessed an increase of Rs 1,266.43 crore. The balance in PMJDY accounts was Rs 82,490.98 crore as on September 5.

Under the revamped scheme, accidental insurance cover for new RuPay card holders has been raised from Rs 1 lakh to Rs 2 lakh for new PMJDY accounts opened after August 28.

Also, the existing OD limit of Rs 5,000 has been increased to Rs 10,000. Further, no conditions will be attached for OD up to Rs 2,000.

The data also showed that nearly 7.18 lakh people, who opened PMJDY account after August 28, may get the benefit of increased accidental insurance cover of Rs 2 lakh. Launched in August 2014, the first phase of PMJDY focused on opening basic bank accounts and RuPay debit card with in-built accident insurance cover of Rs 1 lakh.

Besides, it provided Basic Banking Accounts with OD facility of Rs 5,000 after six months. Phase II beginning August 15, 2018 was planned to provide micro-insurance to the people and pension schemes to unorganized sector workers through Business Correspondents.

About 53 per cent of PMJDY account holders are women, while 83 per cent of the total accounts are seeded with Aadhaar.

3. Bank of India hopes to raise Rs 1,000 crore by selling non-core assets, real estate

State-run Bank of India is looking to raise nearly Rs 1,000 crore through selling stake in some of its non-core assets and real estate properties

By: PTI

State-run Bank of India is looking to raise nearly Rs 1,000 crore through selling stake in some of its non-core assets and real estate properties. The bank expects to raise around Rs 800 crore through sale of its stake in non-banking finance company – STCI Finance – and in Sidbi, by the third quarter of the current financial year.

The lender has also lined up some of its real estate assets to sell and expects to raise nearly Rs 200 crore through the sale, a source said.

The lender holds 29.96 per cent stake in STCI Finance, while it owns 2.84 per cent in Sidbi. "The bank is planning to sell its entire stake in STCI Finance. It expects to raise around Rs 500 crore from the deal," the source said.

The government-owned bank is hoping to raise another Rs 300 crore through the Sidbi deal, he said. It has already appointed nine merchant bankers to scout for potential buyers.

Last year also, the public sector lender had planned to sell its stake in STCI Finance but dropped it after the bids received were below expectations.

STCI Finance is a systemically important non-deposit taking NBFC, offering loans in the areas of capital markets, real estate, corporate finance and structured finance. It has two subsidiaries – STCI Primary Dealer and STCI Commodities.

The Mumbai-based bank had raised Rs 540 crore in June 2016 by selling 18 per cent stake in its life insurance venture – Star Union Dai-ichi Life Insurance.

Currently, the bank owns 28.96 per cent, while the Union Bank of India and the Dai-ichi Life Insurance hold 25.10 per cent and 45.94 per cent respectively in Star Union Dai-ichi Life Insurance.

In the quarter ended June 30, 2018, the bank reported 8.44 per cent increase in its net profit at Rs 95.11 crore as against Rs 87.71 crore in the year-ago period. The bank's gross non-performing assets stood at 16.66 per cent, while net NPA was at 8.45 per cent.

Economic Times

4. Ex-deputy governor of RBI, KC Chakrabarty, under lens in Kingfisher debt, Air worth cases

By G Arun Kumar Dheeraj Tiwari

The Central Bureau of Investigation (CBI) has alleged that KC Chakrabarty, a former deputy governor of Reserve Bank of India (RBI), is a "suspect" in two cases, including one related to the debt default by Vijay Mallya-founded Kingfisher Airlines.

The investigating agency made this disclosure during arguments earlier this month in the special CBI court in Delhi that was hearing Chakrabarty's petition for the revocation of a lookout circular (LOC), which stopped him from leaving the country in May.

The second case, the one for which the LOC was issued, has been filed by Indian Overseas Bank against a Delhi-based travel company Air worth Travels & Tours over accusations of forgery. Chakrabarty, who was deputy RBI governor between 2009 and 2014, denied all accusations of wrongdoing in a May 15 letter to the CBI director. He was chairman and managing director of Indian Bank from 2005 to 2007 and occupied the same posts at Punjab National Bank from 2007 to 2009.

Dismissing his petition, the CBI court special judge Savita Rao said the prosecution's concern that he may not return from overseas and escape justice was legitimate.

Chakrabarty, who's become a UK resident, did not respond to queries emailed to him on Saturday. His advocate also declined to comment.

"We, advocates of KC Chakrabarty, Shailesh N Pathak and Vibhav Mishra of VSP Legals, decline to comment on the merits of the case except for the fact that KC Chakrabarty is completely innocent and the order of the lower court is based entirely on conjecture and surmise, over which, we have a firm belief that it shall not sustain in appeal," the law firm told ET in an email. The court said Chakrabarty's presence was required in the two cases.

"The applicant had been summoned as witness but it is stated by IO (investigating officer of CBI) that the applicant is the suspect and required for further interrogation as well as his presence is required for confrontation with records as well as with the accused TK Bose and Gaurav Mehra (promoter of Air worth)," the September 5 court order reads. "It is also stated that the applicant (Chakrabarty) is also the suspect in another matter i.e. RC/BDI/2016E0008 CBI Vs Kingfisher Airlines Limited."

ET has seen a copy of the order. Mallya is fighting extradition from the UK to India after he was asked to return to answer accusations of alleged money laundering and fund diversion over Rs 9,000 crore owed by Kingfisher Airlines to banks. Mallya left India in 2016.

AIRWORTH CASE

Indian Overseas Bank has filed a forgery case against Air worth Travels, its promoters and "unnamed public servants." Based on this, CBI filed a first information report (FIR) in September.

"Considering the applicant (Chakrabarty) is required for further investigation and also considering his NRI status as well as the submission that he had joined the investigation after lapse of substantial time and after issuance of repeated notices and also upon issuance of look out notice, the apprehension of the prosecution that he may not return back and may flee from justice cannot be discarded at this stage," the court observed.

Chakrabarty was stopped from travelling to London on May 1 at Mumbai airport because of CBI LOC. The circulars are used to monitor and prevent the entry or exit of persons who may be required by law enforcement authorities.

In his May 15 letter, Chakrabarty said that his relationship with Air worth and its director Gaurav Mehra was restricted to the company making his personal travel bookings after he left office in 2014.

"I have made payments to Air worth Travels & Tours Pvt Ltd. Details of my personal booking are already submitted to the IO (investigating officer) along with all payment details. In my official capacity in both RBI and PNB, I have never dealt with him nor I have recommended for sanction of any credit facility or financial support in his business," he said.

Indian Overseas Bank accused the travel agency and its promoters of "cheating, forgery of valuable securities forgery for the purpose of cheating, using forged documents as genuine."

Business Line

5. LIC comes to the rescue of IL&FS; board approves revival plan

PTI

The board of the cash strapped Infrastructure Leasing and Financial Services (IL&FS) met Saturday to approve a resolution plan and discuss strategies for the company to raise funds to tide over the cash crunch.

At the emergency meeting, IL&FS's largest shareholder, LIC, which holds 25.34 per cent, is believed to have agreed to subscribe to the forthcoming rights issue and extend some immediate working capital loan.

Meanwhile, sources said LIC managing director Hemant Bhargava who was the non-executive chairman of ILFS has stepped down from the position with immediate effect but will continue to be on the board as a director.

The company has also learnt to have appointed SB Mathur, a past chairman of LIC as the new non-executive chairman. The company needs an immediate capital infusion of around Rs 3,000 crore from its shareholders.

In a meeting held earlier this week, key shareholders of the debt-ridden company including LIC, SBI and HDFC had kept a pre-condition for it to raise funds through its assets or non-core businesses, before any additional money could be pumped in.

"All the shareholders expressed their concerns as things at IL&FS are not fine now. Some solutions have been decided at today's meeting," said one of the sources.

Since the company has got some real estate assets, shareholders have asked it to liquidate them to generate cash.

There has been reports that it has even put on block its headquarters here for around Rs 1,300 crore.

IL&FS is also looking to raise Rs 4,500 crore through a rights issue.

The company expects to reduce its overall debt by Rs 30,000 crore by divestment of its assets. It is sitting on a debt pile of over Rs 91,000 crore as of March 2018.

"Out of a portfolio of 25 projects identified for sale, firm offers have already been received for 14 projects.

We expect to complete the divestment plan over the next 12 to 18 months," the company said in a release issued on August 29.

The release said the current situation of over-leverage and illiquidity had risen as a significant percentage of the group's liquidity, aggregating to over Rs 16,000 crore, was stuck in claims and termination payments.

On September 4, it came to light that IL&FS defaulted on a short-term loan of Rs 1,000 crore from SIDBI, while a subsidiary has also defaulted Rs 500 crore dues to the development finance institution.

The company is sitting on a debt pile of around Rs 91,000 crore and had been downgraded to junk status by rating agencies following the default. Of this, Rs 57,000 crore are bank loans alone, most of which are from state-run lenders.

While IL&FS has nearly Rs 35,000 crore consolidated debt, IL&FS Financial Services has Rs 17,000 crore of debt, which sits as standard asset for most of the lenders, according to a Nomura India report.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY