



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
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Dear Comrades,

25th September , 2018

News of Interest 25th SEP

MOTIVATIONAL QUOTES

“THE FUTURE BELONGS TO THOSE WHO BELIEVE IN THE BEAUTY OF THEIR DREAMS.”
ELEANOR ROOSEVELT

HIGHLIGHTS

- 1. TRIED TO SETTLE LOANS, ED RESISTED MY EFFORTS: VIJAY MALLYA TO PMLA COURT**
- 2. DENA BANK APPROVES MERGER WITH BANK OF BARODA ALONG WITH VIJAYA BANK**
- 3. FM ARUN JAITLEY TO MEET PSU BANKS CHIEFS TOMORROW; TO REVIEW FINANCIAL PERFORMANCE**
- 4. NO MORE COMMISSION FOR PSB STAFF FOR CROSS-SELLING PRODUCTS**
- 5. LAKSHMI VILAS BANK SAYS EXPOSURE TO IL&FS GROUP IS STANDARD**

Business Standard

1. Tried to settle loans, ED resisted my efforts: Vijay Mallya to PMLA court

Mallya's reply also stated that the ED's application, in its endeavour to confiscate assets, is one which is contrary to public and national interest

[Press Trust of India](#)

Embattled liquor baron Vijay Mallya told a special court here Monday that the Enforcement Directorate (ED) "resisted" his efforts to settle his loans with public sector banks.

Mallya, who is currently in the United Kingdom, has been charged by the ED of defaulting on bank loans to the tune of Rs 90 billion.

Mallya, through his counsel, was replying in the PMLA court of Judge M S Azmi to an ED application seeking that he be declared a fugitive under the Fugitive Economic Offenders Act.

In his reply, Mallya stated that "despite continuing efforts over the last two to three years, when efforts have been made to repay the public sector banks, instead of taking steps to facilitate the process of repayment to banks, the ED has, at every step, resisted this effort".

Mallya's reply also stated that the ED's application, in its endeavour to confiscate assets, is one which is contrary to public and national interest.

Objecting to the ED plea to declare him a fugitive, Mallya mentioned that he has been cooperating with the authorities in the UK in extradition proceedings and has submitted himself to the jurisdiction and process of the UK courts- a process invoked at the behest of the government of India.

Mallya's reply contended that, in these circumstances, it was false to contend that he "refuses to return to India", adding that "adherence to the law of the land cannot and doesn't render one as fugitive economic offender".

The arguments in the extradition proceedings in UK have concluded and the matters are to be listed on December 10 for judgement, the reply read.

Mallya's reply sought that present proceedings ought to be stayed or adjourned sine die till the judgement is delivered in the extradition proceedings (in the UK).

Meanwhile, the ED Monday filed its say in the intervention application moved by some parties seeking to implead themselves in the matter.

The PMLA court on Monday set September 28 as the next date for hearing on the intervention application.

The main application (to declare Mallya fugitive) will be heard after its order on the intervention plea, the judge said.

The court had earlier issued non-bail able warrants against the businessman in two cases filed by the ED.

Mallya, his now defunct venture Kingfisher Airlines Limited and others availed loans from various banks and the outstanding amount, including interest, now stands at Rs 99.90 billion.

Both the ED and the Central Bureau of Investigation (CBI) have filed cases for alleged loan default against him.

The Fugitive Economic Offenders Act has provisions for special courts under the Prevention of Money Laundering Act, 2002 (PMLA) to declare a person as a fugitive economic offender and order immediate confiscation of assets.

The law lays down that a fugitive economic offender is a person against whom an arrest warrant has been issued in respect of a scheduled offence

and who has left India so as to avoid criminal prosecution, or being abroad, refuses to return to India to face criminal prosecution.

Cases of fraud, cheque dishonour or loan default of over Rs 1 billion come under the ambit of this law.

Financial Express

2. Dena Bank approves merger with Bank of Baroda along with Vijaya Bank

The board of state-run Dena Bank Monday approved its merger with Bank of Baroda along with another state-run lender Vijaya Bank

By: PTI

The board of state-run Dena Bank Monday approved its merger with Bank of Baroda along with another state-run lender Vijaya Bank. Last week, government had announced merger of Bank of Baroda, Vijaya Bank and Dena Bank to create the country's second largest lender by assets and branches. "The board meeting has decided to recommend for amalgamation of our bank with Bank of Baroda and Vijaya Bank," Dena Bank said in a filing to exchanges. Consolidation would enable creation of a bank with business scale comparable to global banks and capable of competing effectively in the country and globally, it said.

"Amalgamation of our bank with BoB and Vijaya Bank would result in a strong amalgamated bank, equipped with financial cushion to deal with post-amalgamation requirements during the stabilisation phase," the city-based bank said. Consolidation would also provide impetus for building banks with scale, ramping up credit growth, adoption of best practices across amalgamating entities for cost efficiency and improved risk management and financial inclusion through wider reach, it said.

The combined business of amalgamated entities would make it second largest state-run bank, after State Bank of India. As of June 2018, the combined business mix of these three lenders stood at Rs 14.82 trillion. While announcing the merger last week, financial services secretary Rajiv Kumar had said the merged entity would have better financial strength.

Dena Bank's net NPA ratio will be at 5.71 per cent, significantly better than public sector banks' average of 12.13 per cent, he had said, adding so would be the provision coverage ratio at 67.5 per cent against average of 63.7 per cent and cost to income ratio of the combined entity would come down to 48.94 per cent as compared to average of 53.92 per cent.

The amalgamation of the three banks would be through share swap which will be the part of scheme of merger. In April 2017, State Bank had merged with itself five of its subsidiary banks and taking over Bharatiya Mahila Bank, catapulting it to be among top 50 global lenders with over USD 550 billion in combined assets. Post-merger of BoB, Vijaya Bank and Dena Bank, the number of PSU banks will come down to 19.

3. FM Arun Jaitley to meet PSU banks chiefs tomorrow; to review financial performance

Finance Minister Arun Jaitley will meet the heads of public sectors banks (PSBs) tomorrow as part of the annual financial performance review exercise

By: PTI

Finance Minister Arun Jaitley will meet the heads of public sectors banks (PSBs) tomorrow as part of the annual financial performance review exercise. The meeting is expected to discuss a host of issues, including progress made with regard to reduction in non-performing assets, sources said. The meeting will happen against the backdrop of the 'Alternative Mechanism' (AM) to merge three public sector banks — Bank of Baroda, Vijaya Bank and Dena Bank — with a view to create a global-size lender, which will be stronger and sustainable.

Besides, the finance minister will also discuss credit growth and bad loan situation, they said, adding that various recovery measures by banks and legislative steps taken by the government to expedite recovery are also part of the agenda. Banks have stepped up efforts as far as recovery of bad loans is concerned, the sources added. Lenders have made cash recovery of Rs 36,551 crore in the first quarter of the current fiscal. This is 49 per cent higher than the same quarter of the last fiscal. During 2017-18, banks recovered Rs 74,562 crore.

According to sources, the meeting will review annual financial performance of public sector banks, credit off take in the economy, priority sector lending and progress made under various social sector schemes, including Atal Pension Yojana (APY) and Pradhan Mantri Jan Dhan Yojana (PMJDY). The cumulative loss of public sector banks crossed Rs 87,357 crore in 2017-18, with scam-tainted Punjab National Bank topping the chart with a hit of nearly Rs 12,283 crore, followed by IDBI Bank.

Of the 21 state-owned banks, only two – Indian Bank and Vijaya Bank – reported profits in 2017-18. Indian Bank posted the highest profit of Rs 1,258.99 crore and Vijaya Bank's profit worked out to be Rs 727.02 crore. The remaining 19 government-run banks collectively suffered a net loss of Rs 87,357 crore during the financial year, according to the latest quarterly numbers reported by these lenders. All the 21 banks had together reported a net profit of Rs 473.72 crore in 2016-17. The Indian banking sector is grappling with mounting non-performing assets and a host of scams and frauds.

The gross non-performing assets (GNPAs) plus restructured standard advances in the banking system remained elevated at 12.1 per cent of gross advances at March-end 2018. The aggregate gross NPAs of scheduled commercial banks (SCBs) increased primarily as a result of this transparent recognition of stressed assets as NPAs, from Rs 3,23,464 crore, as on March 31, 2015, to Rs 10,35,528 crore, as on March 31, 2018.

Economic Times

4. No more commission for PSB staff for cross-selling products

By *Shilpy Sinha*

In what could put State Bank of India and other public-sector banks at a disadvantage over private sector banks, the government has asked PSBs not

to pay commissions to employees for cross-selling products, and collect the funds as incomes for the banks themselves.

This could dissuade PSB employees from cross-selling products such as insurance or mutual funds as banks will stop paying cash incentives, rewards and recognition for meeting targets on third-party sales.

In a letter to the chairman SBI and MDs and CEOs of all PSBs, the department of financial services said that central vigilance commission has advised them to examine the consequences of cross selling by bank's own staff and to devise guidelines to guard against faulty policies followed by certain banks to cross sell products of insurance companies and others, resulting in unethical acts by the cross selling officer to achieve targets.

"It is observed that commission on cross selling business should not be paid to the employees of the bank as they are full time employees and are paid fixed salaries," said a letter from the finance ministry to the bank chiefs.

"Commission on this business should be paid to the bank and should be its income." SBI, the biggest bank, has seen income from fees grow 10.51% and cross selling income rise 78.33% during the last financial year. SBI cross sells products of SBI Life Insurance, SBI Mutual Fund, SBI General, SBI Cards, SSL and NPS. It had earned income of `1,631 crore in the last financial year. It embarked on the path of higher fee income inspired by Sandy Weill model of banking way back under OP Bhatt's chairmanship.

"Bank unions have been complaining about cross selling of insurance and mutual fund products by employees and rather they should focus on lending and recovery of loans," said source close to the development. Banks have, in the past, been accused of Mis-selling insurance products. Bancassurance channel contributes close to 50% of sales for most bank-promoted insurance companies.

Private sector banks dominate the distribution of third-party products, particularly insurance. Life insurance distribution has constituted a major source of fees earned. "With this directive, public sector banks will be at a disadvantage in terms of fee income," said an executive with a public sector promoted insurance company. "Private banks have better incentives for their employees and they will continue to grow their business."

Business Line

5. Lakshmi Vilas Bank says exposure to IL&FS group is standard

PTI

Private sector Lakshmi Vilas Bank said on Monday it has exposure to an IL&FS subsidiary and the loans to the company are standard. Lakshmi Vilas Bank said it had received certain queries from investors seeking clarification on the bank's exposure to the IL&FS group.

"In this regard, the bank clarifies that our bank has an exposure to an IL&FS subsidiary, which is currently standard," the bank said in a regulatory filing.

"Due to business constraints, we are unable to share further customer specific data," the bank said.

Infrastructure Leasing & Financial Services (IL&FS) group defaulted on a series of interest payments earlier this month. On September 4, it came to light that IL&FS had defaulted on a short-term loan of Rs 1,000 crore from

SiDBI, while one of its subsidiaries also defaulted on Rs 500 crore dues to the development financial institution.

IL&FS, which is credited with building the longest tunnel in the country (the Chenani-Nashri tunnel), is sitting on a debt pile of around Rs 91,000 crore and was 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.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY