AIBEA's Banking News

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NEWS BULLETIN FROM ALL INDIA BANK EMPLOYEES' ASSOCIATION

No representation of staff on Bank boards

By Jescilia Karayamparambil |

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While govt has its eyes fixed on merger and consolidation of public sector banks, **it is ignoring fair representation of employees on bank boards**, bank union said.

Mumbai : For more than a year, the government has not appointed workman employee representative and officer employee representative as directors on the boards of all the public-sector banks (PSBs). According to information received by FPJ, the appointments are withheld by the government.

Confirming this, **AIBEA**, general secretary, C H Venkatachalam said, "We had written a letter to the Finance ministry and also contacted the Prime Minister's Office (PMO). We were informed by the ministry that it has sent the names to PMO and is awaiting approval." For the past two years and more, the posts of employee representative directors and officer representative directors are not being filled up by the government.

According to the Bank Nationalisation Act and the Banking Companies (Acquisition and Transfer of Undertakings) Act which govern PSBs, besides appointment of various members of the Board of Directors for efficient administration of the bank, there should be workman employee representative and an officer employee representative as directors on the boards as well.

WHERE THE HARD-EARNED PROFITS GO

Rupees in Crores

	Gross Operating Profit	Provisions for bad loans, etc	Net profit / Loss after provisions
2008-09	66,604	32,231	34,373
2009-10	76,945	37,603	39,342
2010-11	99,982	55,080	44,902
2011-12	1,16,344	66,830	49,514
2012-13	1,21,839	71,256	50,583
2013-14	1,27,653	90,633	37,019
2013-14	1,37,760	1,00,901	37,540
2015-16	1,36,275	1,53,967	- 18,417 LOSS
2016-17	1,58,982	1,70,370	- 11,388 LOSS

Bad loan recast failures portend more pain for banks as India's economy is forecast to slow to a 4-year low

Loans worth 1.7 trillion rupees ($26 billion) have been withdrawn in total since the 2001 inception of the Corporate Debt Restructuring Mechanism through to the end of August, according to the latest data from the agency that brokers agreements between borrowers and lenders.

By: Bloomberg | Published: October 16, 2017

FINANCIAL EXPRESS

The absence of hard-coded timeline and the failures at banks and lenders' debt resolution forum has prompted authorities into stronger actions, according to the central bank. (PTI)

Sagging economic growth in India is complicating efforts to clean up a mountain of bad debt at the nation's banks. Loans worth 1.7 trillion rupees ($26 billion) have been withdrawn in total since the 2001 inception of the Corporate Debt Restructuring Mechanism through to the end of August, according to the latest data from the agency that brokers agreements between borrowers and lenders. That's a net increase of 446 billion rupees from the end of 2016, and already exceeds the 415 billion rupees of loans that couldn't be revamped last year, the data show. The jump in failures underscore the challenges banks face in rehabilitating their assets with growth in the economy forecast to slow to a four-year low. Lenders are stuck with 1.5 trillion rupees of live cases with the CDR forum, mainly from steel sector. The central bank had asked lenders more than two years ago to choose legal action over the mechanism to tackle the problem.

"There's excess capacity for some of these borrowers while certain policy changes also contributed to the failures," said Rajesh Mokashi, managing director at CARE Ratings in Mumbai. "Bankers are feeling the pinch to take haircuts as offers from buyers of non-performing loans are sub-optimal." The record $180 billion of stressed assets in the system is hindering the banks ability to bolster credit at a time when the economy is still suffering from last year's cash ban and the disruption in supply chains triggered by a sales tax introduced on July 1. Growth has been slowing for the past five quarters and a Bloomberg survey published last month forecast India's GDP will grow at 6.8 percent in the year to March 2018.

The absence of hard-coded timeline and the failures at banks and lenders' debt resolution forum has prompted authorities into stronger actions, according to the central bank. Specific measures taken over the past few months will add a sense of urgency to the task, Reserve Bank of India Governor Urjit Patel said last month. There's been some progress. The CDR panel has resolved cases involving 137 billion rupees of loans this year compared with 86 billion rupees in 2016, the data show.

Vijay Mallya firms had deals with company named in Panama Papers: Probe

According to the SFIO report, IQ Bridge Limited, Mauritius, and its Indian subsidiary, IQ Bridge Limited, Bangalore, controlled by Mallya and the UB Group, held 15 lakh and 52 lakh equity shares respectively in Kingfisher Airlines before its merger with Deccan Aviation.

Written by Khushboo Narayan | Mumbai |

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In 2007-08, Mallya transferred 89 of the 99 shares he held in IQ Bridge, Mauritius, to Liberia-registered Lombard Wall Corporate Services Inc, the report said. (Source: File/PTI)

A PROBE by the Serious Fraud Investigation Office (SFIO) has found that two foreign entities controlled by liquor baron Vijay Mallya, which had a stake in Kingfisher Airlines Ltd, carried out financial transactions with a Liberia-registered entity named in the Panama Papers, after the merger of the airline with Deccan Aviation Ltd.

According to the SFIO report, IQ Bridge Limited, Mauritius, and its Indian subsidiary, IQ Bridge Limited, Bangalore, controlled by Mallya and the UB Group, held 15 lakh and 52 lakh equity shares respectively in Kingfisher Airlines before its merger with Deccan Aviation. In 2007-08, Mallya transferred 89 of the 99 shares he held in IQ Bridge, Mauritius, to Liberia-registered Lombard Wall Corporate Services Inc, the report said.

The SFIO report said that UB Overseas Limited (UBOL), an overseas subsidiary of United Breweries Holdings Ltd incorporated in the British Virgin Islands (BVI), bought 1.67 crore shares of Kingfisher Airlines on September 3, 2007, for Rs 50.02 crore. This was nine days before the airline began its open offer to acquire 20 per cent shares of Deccan Aviation.

During the open offer, UBOL borrowed $12.39 million from Lombard Wall Corporate Services and, along with another firm Kingfisher Finvest (India) Ltd, acted "as a person in concert" to acquire 97.62 lakh shares of Deccan Aviation, said the SFIO report. It alleged that in January 2008, UBOL transferred its 1.67 crore shares in IQ Bridge, Mauritius, just a day before the swap ratio for the merger was announced.

The SFIO report said while IQ Bridge, Mauritius, and IQ Bridge, Bangalore, were promoter entities prior to the merger of Kingfisher Airlines and Deccan Aviation, they were shown as "non-promoter entities in the filings made before the stock exchanges in February 2008 while seeking a no-objection-certificate " for the merger.

"On account of the material non-disclosure, the shares held by these two companies were not kept under the compulsory lock-in period on allotment of shares of the merged entity (i.e.) KFAL (combined)," said the SFIO report. KFAL (combined) refers to the company after its merger with Deccan Aviation.

After the merger, as per the swap ratio, IQ Bridge, Mauritius, was allotted 78.15 lakh equity shares in KFAL (combined) for its shareholding of 1.82 crore shares in erstwhile KFAL, said the SFIO report. The Mauritius firm sold its entire shareholding in the open market in 2009 and earned $ 8.24 million. This was used to repay Lombard Wall Corporate Services Inc.

"By transferring the shares allotted in erstwhile KFAL to IQBLM a day before the announcement of swap ratio (on 30.01.2008) and then by keeping out IQBLM as non-promoter entity during the demerger process, VJM (Vijay Mallya) was able to repay a major portion of the loan availed overseas by UBOL from the sale proceeds of KFAL (combined) shares. This was maneuvered by non-disclosure of material facts. Incidentally, the name of LWCSI (Lombard Wall Corporate Services Inc.) appears as one of the entities in Panama Papers Leak in connection with fraud related to tax evasions," said the SFIO report.

The Panama Papers constitute over 11 million documents from the files of Mossack Fonseca, a law firm headquartered in tax haven Panama, known for its factory-like production of offshore companies for its worldwide clientele of the well-heeled. These records reveal a list of individuals who have paid the firm and bought the benefits of a secretive, lax regulatory system in which it operates and sets up offshore entities in tax havens around the world.

In July 2016, Diageo Plc-controlled United Spirits Ltd had said its additional inquiry against its former non-executive chairman Mallya and his associate companies revealed instances of actual fund diversions amounting to Rs 1,225.30 crore. It found that the overseas beneficiaries or recipients of these funds included Lombard Wall Corporate Services Inc., among others where Mallya appears to have a material, or indirect, interest.

While Lombard Wall Corporate Services Inc. could not be reached for comment, Mallya's official spokesperson declined to comment.

Mallya transaction with Airbus referred to RBI, ED for forex violation: Probe team

Kingfisher Airlines owes over Rs 9,000 crore to at least 17 lenders including SBI, IDBI Bank, Punjab National Bank, Bank of India, Bank of and United Bank of India.

The Serious Fraud Investigation Office (SFIO) has referred a financial transaction between Vijay Mallya, chairman of the now defunct Kingfisher Airlines Ltd (KFAL), and Airbus SAS in 2006, to the Reserve Bank of India (RBI) and the Enforcement Directorate (ED) for alleged violation of the Foreign Exchange Management Act (FEMA).

A probe by the government agency which probes major financial crimes has found that Mallya allegedly “misrepresented” the source of an equity investment of $5 million (Rs 22.21 crore) in Kingfisher Airlines Ltd prior to its merger with Deccan Aviation Ltd.

According to the SFIO report, it accessed email exchanges between Mallya and a few top officials of Kingfisher Airlines on February 13, 2006 — from computers obtained by CBI — which show that the remittance of $5 million, allegedly shown as Mallya’s investment in the airline, had come from Airbus SAS, France.

The report has alleged that $5 million from Airbus SAS, France, was initially sent to the account of an entity called Lakewood Finance, allegedly managed by a close associate of Mallya. “Subsequently, the money was routed through the personal account of VJM (Vijay Mallya) in Standard Chartered Bank, Dubai to erstwhile KFAL and was accounted as consideration for the equity share capital by VJM,” the SFIO report said.

It alleged that the actual remittance was made on February 22, 2006 “immediately after the e-mail correspondence of February 13, 2006,” the report stated. “We do not comment on ongoing investigations,” Justin Dubon, head of global news at Airbus, said.

When contacted by The Indian Express, Mallya’s spokesperson said they did not have any comment to offer.

The SFIO has charged Mallya and a few top Kingfisher officials under Section 628 read with Section 75 of the Companies Act, 1956 , which pertain to penalty for making false statements in the balance sheet of the company.

“Airbus SAS, France declined to give the nature and details of all payments made to KFAL,

VJM and his overseas entities, citing legal issues,” the SFIO report said.

Apart from this, the SFIO report has alleged that the credits offered by Airbus to Kingfisher Airlines for bulk ordering of aircraft were “paid as per the requests of erstwhile KFAL to various beneficiaries” of the company such as Toyota Motor Corporation, Force India Formula One Team Limited, Lakewood Finance and others even before the airlines took delivery of the aircraft from Airbus.

The SFIO has also referred the transactions of Kingfisher Airlines and Airbus to the CBI for further investigation, the report said.

Kingfisher Airlines owes over Rs 9,000 crore to at least 17 lenders including SBI, IDBI Bank, Punjab National Bank, Bank of India, Bank of and United Bank of India

1,000 branches rationalised post the merger of associate banks, says SBI Deputy MD

Out of 80,000 employees of the erstwhile associate banks, almost 3,500 had opted for voluntary retirement: Prashant Kumar, Deputy Managing Director, SBI

MUMBAI, OCTOBER 17: BUSINESSLINE

State Bank of India (SBI) has rationalised 1,000 branches in the April-September 2017 period, post acquisition of five associate banks and the Bharatiya Mahila Bank, said a senior official.

Prashant Kumar, Deputy Managing Director, SBI, said: “After the merger we had almost 24,000 branches. So far, 1,000 branches have been rationalised. This (rationalisation) we were planning to do by December-end but we could complete that by September-end. So, the entire branch rationalisation part is over.”

Voluntary retirement

Out of 80,000 employees of the erstwhile associate banks, almost 3,500 had opted for voluntary retirement, Kumar said at an event where SBI Foundation, the CSR subsidiary of State Bank of India, sanctioned □10 crore for conservation and restoration of Mumbai’s iconic Chhatrapati Shivaji Maharaj Terminus (CSMT), a UNESCO world heritage site.

Kumar said his bank is in the process of completing recruitment of almost 2,000 probationary officers. After assessing the manpower requirement, the bank may go for recruitment in the clerical cadre also.

‘Digital’ villages

The senior SBI official elaborated that as part of its CSR initiative his bank has so far identified 50 villages for turning them into ‘digital’ villages.

Going forward, across the country, the bank would identify almost 500 villages, especially from backward States.

"So, each of these villages will become a digital village. There would be 100 per cent financial inclusion and financial literacy.

"There would be scope for employment so that these villages can sustain over a period of time. And all these villages will be having healthcare and schooling facilities," he said.

AIBEA THIS DAY – 18 OCTOBER	
1957	Bank men strike at Delhi, Punjab, Kerala, Bihar and SBI, Calcutta: Solidarity Action: Compensatory Allowance Struggle at Calcutta.
2003	Com. P N Sharma (75) former Chairman, MPBEA passes away
2007	94 Days Strike ends in catholic Syrian Bank Kolkata. Union leader retransferred.

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