



Banking News

Estd. 20-4-1946

21 JULY, 2016

NEWS BULLETIN from ALL INDIA BANK EMPLOYEES' ASSOCIATION

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TOP 10 WILFUL BANK LOAN DEFAULTERS

1. WINSOME DIAMONDS & JEWELLERY LTD./ FOREVER PRECIOUS JEWELLERY & DIAMONDS LTD.	2,982 cr
2. ZOOM DEVELOPERS PVT LTD	1645 cr
3. KINGFISHER AIRLINES (Note : Only SBI has declared their loan as Wilful default / Other banks are yet to declare so far)	1201 cr
4. BETA NAPHTHOL	960 cr
5. SURYA VINAYAK INDURTIES LTD	821 cr
6. RAZA TEXTILES LIMITED	695 cr
7. S KUMAR NATIONWIDE LTD.	628 cr
8. REI AGRO LTD	589 cr
9. AGNITE EDUCATION LTD/ TELEDATA MARINE SOLUTIONS P LTD	578 cr
10. ZYLOG SYSTEM LTD	565 cr
	Rs.10,664 cr

People's money for people's welfare – not for private corporate loot

Over 5,600 wilful defaulters owe banks Rs. 58,792 crore: AIBEA

RUTAM VORA/ **BUSINESSLINE** AHMEDABAD, JULY 20:

Nationalised banks had the most 3,192 accounts as wilful defaulters with amount running up to Rs. 28,775 crore.

Winsome Diamonds, Deccan Chronicle, Zenith Birla, Electrotherm among top wilful defaulters

The All India Bank Employees' Association (AIBEA) has named 5,610 wilful defaulters, who collectively defrauded public sector and private sector banks in India of a staggering amount of Rs. 58,792 crore as on March 2016.

As per the list released by the apex bank employees' association late on Tuesday, the nationalised banks had the most 3,192 accounts as wilful defaulters with amount running up to Rs. 28,775 crore.

Top defaulters of PSU banks and financial institutions included Winsome Diamonds and Jewellery Ltd with a default amount of over Rs. 2,266 crore, Forever Precious jewellery & Diamonds (Rs 1,001 crore), Kingfisher Airlines Ltd (Rs 1,201 crore), Deccan Chronicle Holdings Ltd (Rs 884 crore), Indian Technomac Co Ltd (Rs 625 crore), Rank Industries (Rs 566 crore), Raza Textiles (Rs 694.59 crore), Rei Agro Ltd (Rs 580 crore), S Kumars Nationwide Ltd (Rs 598 crore), Zenith Birla (India) Ltd (Rs 139 crore), Zoom Developers (Rs 1,710 crore), and Electrotherm India (Rs 385 crore).

For State Bank of India and its five associate banks, the number of wilful defaulters was 1,546 with a total defaulted amount at Rs. 18,576 crore. Private sector banks, financial institutions and foreign banks were not spared either by the wilful defaulters, who defrauded these institutions of Rs. 10,250 crore, Rs.728 crore and Rs. 463 crore, respectively.

Among the top three nationalised banks having the highest amount of defaulted loan amount are Punjab National Bank with 698 accounts (Rs 9,445 crore) followed by Central Bank of India and Oriental Bank of

Commerce with 639 and 339 accounts, respectively with a default amount of Rs. 3,574 crore and Rs. 3,545 crore, respectively.

In private sector, Beta Naphthol promoted by Deepak Baweja and others defaulted a loan amount of Rs.951.97 crore from Kotak Mahindra Bank, among the highest for the lender. Kotak Mahindra Bank, Axis Bank and Indusind Bank were among the top private sector banks with highest default amount at Rs. 5,442 crore, Rs. 993 crore and Rs. 899 crore, respectively.

The AIBEA list included foreign banks, Standard Chartered Bank, Doha Bank and Deutsche Bank in top slot with default loan amount at Rs. 301 crore, Rs. 72 crore and Rs. 31 crore, respectively.

Commenting on the increasing loan defaults by wilful defaulters, AIBEA General Secretary C H Venkatachalam, said, "The government and the RBI (Reserve Bank of India) are not taking tough measures to recover the bad loans. Even their (defaulters') names are not being published."

"Loans are given from public money. Hence, people should know who the loan defaulters are. When poor borrowers are harassed, corporate defaulters are given all concessions. The number of willful defaulters is also on the increase," AIBEA said. According to AIBEA, the bad loans of public sector banks have jumped by almost 10 times since 2002 from Rs. 54,673 crore to Rs. 5,39,995 crore for 2016.

AIBEA names Kingfisher Airlines, Winsome Diamonds among wilful defaulters

Vimukt Dave | Ahmedabad July 20, 2016 **Business Standard**

In all 5,610 accounts blocked over Rs 58,000 crore of banks, says association

Kingfisher Airlines, Winsome Diamonds and Jewellery Ltd and Zoom Developers are some of the names among a list of 5,610 wilful

defaulters that were made public on Wednesday by the **All India Bank Employees' Association (AIBEA)**.

Releasing the list of wilful defaulters, AIBEA said that 5,610 accounts collectively blocked over Rs 58,000 crore of public and private sector banks as on March 2016.

Out of 5,610 banks accounts, around 4,738 accounts are held by nationalised banks including State Bank of India (SBI) and its associate banks. Defaulted loan amount of these accounts was worth Rs 47,735 crore. Private sector banks, on the other hand, saw 792 accounts with outstanding loan of Rs 10,250 crore.

"This is public money and it is our responsibility to inform people, who have stolen their money. That is why we have announced names of defaulters who willfully do not wish to pay back," said **Janak Rawal, joint secretary of AIBEA and general secretary of Maha Gujarat Bank Employees' Association**.

The union said the total quantum of bad loans of the government owned banks stand at Rs 539,995 crore as on March 31, 2016. Out of this, about Rs 70,000 crore have been blocked by wilful defaulters.

Top defaulters of public sector banks and financial institutions included Winsome Diamonds and Jewellery Ltd with a default amount of over Rs 2,266 crore, Forever Precious jewellery and Diamonds (Rs 1,001 crore), Kingfisher Airlines Ltd (Rs 1,201 crore), Zoom Developers (Rs 1710 crore), Beta Nephthol (Rs 958 crore), Deccan Chronicle Holdings Ltd (Rs 884 crore) and S Kumars Nationwide Limited (Rs 598 crore).

Kotak Mahindra Bank, Axis Bank and IndusInd Bank were among the top private sector banks with defaults worth Rs 5,442 crore, Rs 993 crore and Rs 899 crore, respectively. Calling for government action, C H Venkatchalam, **general secretary of AIBEA said:** "No serious action is being taken by the government and RBI to recover these huge bad loans. On the other hand, concessions are being given to them. Government must take criminal action against wilful defaulters."

The association is demanding criminal action against the wilful defaulters even as it plans to raise the issue again during the one day strike on July 29.

"We have two demands. One is that the government must take criminal action against wilful defaulters and second that they should not participate in any election," said Rawal.

Front loading capital infusion is a key positive

RADHIKA MERWIN/ **BL RESEARCH BUREAU:**

Bank-wise capital infusion						(₹ cr)
Banks Name	2011-12	2012-13	2013-14	2014-15	2015-16*	2016-17
State Bank of India	7,900	3,004	2,000	2,970	5,393	7,575
Bank of Baroda	-	850	550	1,260	1,786	-
Punjab National Bank	655	1,248	500	870	1,732	2,816
Canara Bank	-	-	500	570	947	997
Syndicate Bank	-	-	200	460	-	1,034
Allahabad Bank	-	-	400	320	283	44
Indian Bank	-	-	-	280	-	-
Dena Bank	-	-	700	140	407	594
Andhra Bank	-	-	200	120	378	-
Bank of India	-	809	1,000	-	2,455	1,784
Bank of Maharashtra	470	406	800	-	394	-
Central Bank of India	676	2,406	1,800	-	-	1,729
Corporation Bank	-	204	450	-	857	677
Indian Overseas Bank	1,441	1,000	1,200	-	2,009	3,101
Oriental Bank of Commerce	-	-	150	-	-	-
Punjab & Sind Bank	-	140	100	-	-	-
UCO Bank	48	681	200	-	-	1,033
Union Bank of India	-	1,114	500	-	1,080	721
United Bank of India	-	100	700	-	-	810
Vijaya Bank	-	-	250	-	-	-
Bharatiya Mahila Bank	-	-	1,000	-	-	-
IDBI Bank	810	555	1,800	-	2,229	-
Total	12,000	12,517	15,000	6,990	19,950	22,915

Source: data.gov.in; *Based on a query raised in Lok Sabha in Feb 2016

This will help banks plan their lending and other capital-raising activities for the year

Mounting bad loans and sharp slippages from restructured accounts have eroded earnings of many public sector banks over the last one to two years.

Banking stocks, therefore, cheered the Centre's infusion of close to Rs.23,000 crore into 13 PSBs on Tuesday. But what is particularly encouraging is the Centre's decision to infuse capital in the beginning of the financial year rather than towards the end of the year. This will help banks plan their lending and other capital-raising activities for the year.

Coming to the rescue

The Centre has been meeting the capital needs of State-owned banks in the past. After infusing Rs.14,000 crore in 2013-14, the government became tight-fisted in 2014-15 infusing just Rs.6,990 crore into these banks based on performance.

But given the sharp increase in bad loans and weak capital position of PSBs, the Centre decided to substantially increase its capital infusion in 2015-16. After earmarking a meagre Rs. 7,000 crore for capitalisation, the Centre ended up infusing about Rs.20,000 crore into PSBs in 2015-16.

In the 2016-17 Budget, the Centre committed Rs.25,000 crore into PSBs under its Indradhanush plan. On Tuesday, the Centre infused 92 per cent of this amount, and may inject more funds depending on the performance of banks. Market players, however, believe that much of the capital infusion for the year is done with.

While the amount earmarked by the Centre for capital infusion over the next couple of years clearly falls short of the actual requirement, frontloading it in the current fiscal is a key positive. Up until now, the Centre's capital infusion exercise has been sort of a stop-gap arrangement, helping banks to meet their capital requirements at the end of the financial year.

This time around, the capital has flowed in at the beginning of the financial year — the first quarter itself. This has not happened in the last couple of years.

The benefit of frontloading is two-fold. One, depending on the level of stress and capital position, each bank can decide on the amount they want to lend for the year.

And, two, given that the Centre is the major shareholder in PSBs and has brought in capital, the banks can now plan other fund-raising activities such as qualified institutional placements (QIPs) going ahead.

SBI the biggest gainer

Interestingly, SBI, which has one of the highest capital ratios, has received the most capital from the government. Of the Rs.23,000 crore, SBI has received Rs.7,575 crore, about a third of the total capital infused.

In the past too, SBI has been receiving a substantial share of the Centre's allocation, ranging between 24 and 65 per cent since 2011-12 (in 2013-14 alone its share was a low 13 per cent).

SBI has one of the strongest capital ratios, with Tier-I capital at 9.92 per cent as of March 2016. Under Basel III regulations, the requirement of Tier-I capital, including the capital conservation buffer, has risen to 7.625 per cent for March 2016. Since SBI has about a fifth of the total advances in the system, the Centre could be paying more attention to it.

Indian Overseas Bank, PNB, Bank of India and Central Bank of India are some other banks that are on top of the capital infusion list this fiscal.

IDBI Bank, Andhra Bank, Bank of Maharashtra and Oriental Bank of Commerce are some banks that did not make the cut this time around and have not received any capital infusion.

While these banks have Tier-I capital at comfortable levels, bad loans and weak return ratios are causes for concern.

For instance, IDBI Bank has gross non-performing assets (GNPA) of 10.9 per cent of loans and negative return on assets (ROA) as of March 2016. Andhra Bank, Oriental Bank of Commerce and Bank of Maharashtra have GNPA's of 8-9 per cent with very low ROA of 0.1-0.2 per cent

Brookfield Asset commits Rs 7,000 cr for SBI balance-sheet clean-up

SBI's woes		
Gross NPAs by segments		
<i>(₹ cr)</i>		
Sector	Gross NPA	
	(Sep '15)	(Mar '16)
Large Corporate	982	20,696
Mid Corporate	22,600	41,515
SME	17,381	17,032
Agri	10,219	8,687
Retail	3,003	2,458
International	2,649	7,785
Total	56,834	98,173

Joint venture to invest in stressed assets; SBI to pitch in 5% of total investments

MUMBAI, JULY 20: BUSINESSLINE

In an effort to clean up its balance sheet, State Bank of India (SBI), India's largest lender, has signed an agreement with Brookfield Asset Management Inc to form a joint venture, which will invest in stressed assets.

Under the proposed joint venture, Brookfield will commit about Rs 7,000 crore and SBI up to 5 per cent of total investments into stressed assets.

Brookfield is a global alternative asset manager with \$240 billion in assets under management. It has an over 100-year history of owning and operating assets with a focus on property, renewable power, infrastructure and private equity.

It is listed on the New York, Toronto and Euronext stock exchanges.

The joint venture will be in the nature of an alternative investment fund. Such funds are regulated by the capital market regulator SEBI.

Rising NPAs

The move to form a joint venture comes in the backdrop of SBI's gross non-performing assets jumping from ₹56,834 crore as at September-end 2015 to Rs 98,173 crore as at March-end 2016 after the RBI initiated a banking industry-wide asset quality review. Also, asset reconstruction companies (ARCs) are strapped for funds to buy stressed assets.

SBI, in a statement, said, "The proposed JV will independently evaluate and invest in various stressed assets, and will rely upon Brookfield's operational expertise to manage recapitalised businesses. The proposed JV may, at a later stage, seek participation from other lenders in the identified assets."

SBI Chairman Arundhati Bhattacharya said this approach of collaborating with global players will enable banks in general and SBI, in particular, to find alternative solutions for resolution of stressed assets.

She opined that such an approach will be more acceptable to both lenders and borrowers in cases where the promoters are not able to infuse funds and lenders are reluctant to take additional exposure.

India Ratings and Research (Ind-Ra), in a recent note, observed that ARCs will need to re-orient themselves if they are to facilitate the resolution process of the Rs 6-lakh-crore bad debt pile-up in Indian banks.

Bank union votes for a strike in Korea

Rank and file don't approve of promotions based on performance

July 21,2016 Korea Joongang Daily

Ahead of a scheduled announcement by the Korea Federation of Banks (KFB) this week, the Korean Financial Industry Union (KFIU) voted to strike in September to protest the introduction of a government-promoted performance-based salary system.

The union supported the strike with 95.7 percent of the vote, held Tuesday afternoon with a turnout of 87 percent.

"Introduction of the performance-based salary system is designed to oust bad performers," said the KFIU in a statement. "Despite the vacation

season, 82,633 members of the union voted to protest the plan, which proves a consensus on the issue.”

If the union achieves an industry-level strike in September, it will be the first in two years.

The KFB is going to unveil guidelines for commercial banks to adopt the new salary system, which will widen the difference between salaries of the top performers and worst performers to 40 percent.

According to the financial industry, the KFB commissioned a consulting firm to design the guidelines, whose main idea is to apply a performance-based system to all employees, including entry-level ones.

Most commercial banks have adopted the performance-based system in response to a government initiative to reform the financial industry, but the adoption was limited to executives and branch managers. The remaining employees are still subject to a seniority-based salary system that does not take differences of performance into account.

Due to a long-held tradition of seniority being considered the most important factor in compensation, the financial industry has been under fire for lax management, inefficiency and unfairly high salaries. President Park Geun-hye and Financial Services Commission Chairman Yim Jong-yong branded such traditions as a “refusal to change.”

Reportedly, the KFB guidelines include making a 30 percent difference in salaries of the best and worst performers at the manager level and a 20 percent difference at the ordinary employee level at the start of the system. The percentages will be raised to 40 percent at a maximum, according to industry insiders.

That is a tougher standard than recommended by the government earlier this year.

The FSC established performance-based guidelines for nine state-run financial institutions in February, hoping they would lead the use of the system in the industry. Within each employment level, the best-performing employee will get a 20 to 30 percent higher wage annually than the worst performing employee, according to the FSC plan.

“The guidelines are for private financial companies that seek profit,” said an official at KFB. “The purpose is to adopt a tougher performance-based system than public institutions.”

However, the official said the guidelines do not clarify when the banks need to raise the percentage to 40 percent.

The guidelines also say that evaluation of individual employees will account for 20 percent or more in calculating compensations. Currently, performances of teams to which an individual belongs are considered when estimating incentives.

WE DEMAND

Make Banking available to all

Make bank credit available to all

Make Banking a Fundamental Right

ALL INDIA BANK STRIKE ON 29TH JULY, 2016

**BY 10 LACS EMPLOYEES & OFFICERS OF PUBLIC SECTOR BANKS,
OLD PRIVATE BANKS, FOREIGN BANKS, REGIONAL RURAL BANKS
AND CO-OPERATIVE BANKS**



AIBEA – AIBOA



AIBEA This day – 21st JULY :

1918	Com. Raj Bahadur Gaur, Former President, Andhra Pradesh Bank Employees Federation & All India Bank Deposit Collectors Federation (date of birth)
1969	AIBEA files petition in Supreme Court in defence of Nationalisation of Banks.

ALL INDIA BANK EMPLOYEES' ASSOCIATION



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