



Merger of BoB, Dena bank and Vijaya bank unwarranted: AIBEA

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The All India Bank Employees Association (AIBEA) which has called for a nation-wide strike on December 26 opposing the merger of Bank of Baroda, Dena Bank and Vijaya Bank, Saturday said the move was unwarranted as it would not be beneficial to the economy and the people at large.

"The merger will also affect the interests of employees, their jobs and job security. The move would also affect employment opportunities in the banking industry," the Association general secretary CH Venkatachalam said here.

Noting that several villages were yet to receive banking services, he said, "there is a huge exclusion of people. Banks need to be expanded. No need for consolidation".

Referring to the government's contention that the merger would make the banks stronger, Venkatachalam said, "there is no evidence to this conclusion. Last year six banks were merged with SBI. But SBI (State Bank of India) has not become any bigger."

"After merger of the six banks with SBI, the non-performing assets have further gone upto Rs 2.25 lakh crore. Hence, it is also a wrong presumption," he said.

The mergers of the banks would "surely" result in closure of branches and would endanger job security, he added. Urging the Centre to take tough measures to recover bad loans, the association said the government was instead trying to divert the attention and focus on resorting to bank mergers.

Claiming that the total NPA in Bank of Baroda, Dena Bank and Vijaya Bank was Rs 80,000 crore, he sought to know if these bad loans would automatically be recovered if these banks were merged.

Opposing the merger of these three banks, nearly 10 lakh bank employees and officers would take part in the nation-wide strike on December 26, he said

Canara Bank CEO post stays vacant, BBB repeats call

SPECIAL CORRESPONDENT
MUMBAI, DECEMBER 18, 2018
THE HINDU

Executive directors in PSBs eligible to apply for SBI MD post

After getting a tepid response, the Banks Board Bureau (BBB) has yet again invited applications for Canara Bank's MD & CEO post, which is lying vacant after Rakesh Sharma's term ended on July 31, 2018.

In August, the BBB, which has the mandate to select candidates for board-level appointments in public sector banks, invited applications for the post of MD & CEO in Canara Bank. The post was made open to private sector candidates too. While BBB selects the candidates, the government takes a call on the appointment. Sources said there was not much response, prompting the BBB to invite candidates once again, though the eligibility criteria were not changed. Interested candidates have to apply to the BBB by January 10, 2019.

Interestingly, the government, in October, appointed Mr. Sharma as the MD & CEO of IDBI Bank.

In a separate move, the government has made executive directors of public sector banks eligible for the managing director's post in State Bank of India. At present, only deputy managing directors of SBI are eligible for SBI's MD post.

"EDs of nationalised banks made eligible for selection as MD, SBI. Earlier, DMDs of SBI were made available to be MD in nationalised banks. Govt's thrust to widen the top management talent pool and sharing of experience across PSBs continues." Rajeev Kumar, secretary, financial services in the finance ministry, said in a tweet on Monday.

Currently, SBI has four MDs, but last year the government allowed the lender to have six MDs. The bank has to take its board's approval to increase the number of MDs.

Govt. unearths GST evasions of Rs. 12,766 cr.

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Recoveries touch Rs.7,910 crore: Shukla

The government has detected 3,196 cases of Goods and Services Tax evasion amounting to Rs.12,766.85 crore in this financial year up to November 2018, according to the Finance Ministry.

Of this, an amount of Rs.7,909.96 crore has been recovered between April and November 2018, according to data provided by Minister of State for Finance Shiv Pratap Shukla to the Lok Sabha, in the ongoing winter session.

According to Mr. Shukla, the government has taken several steps to detect evasion, including an e-waybills system, systematic analysis of data, and setting up of the Directorate General (Analytics and Risk Management).

This could be the reason for the spurt in cases detected in this financial year compared with last year.

According to data provided to the Rajya Sabha by Mr. Shukla in July, 1,205 cases of evasion, involving Rs.3,026 crore, were detected between July 2017 (when GST was implemented) and July 2018.

Govt did not ask for Urjit Patel's resignation: Arun Jaitley

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Finance Minister Arun Jaitley on Tuesday said the government never sought the resignation of Urjit Patel as Governor of the Reserve Bank of India over differences in handling liquidity stress in certain sectors.

Speaking at Agenda Aaj Tak, he said the government does not need a single penny from RBI's capital reserves during the current fiscal.

Responding to criticism over surprise resignation of Mr. Patel as RBI Governor earlier this month, Mr. Jaitley said there were cordial discussions at the meeting of the RBI board over issues such as the appropriate size of reserves the central bank must hold. "The government never asked for his resignation," he said.

After Mr. Patel's resignation, the government appointed former bureaucrat Shaktikanta Das as the Governor of RBI.

To prevent bad loans, banks to cross-check info on borrowers

According to RBI data, banks reported 5,879 cases of frauds (of Rs.1 lakh and above) aggregating Rs.32,048.65 crore in 2017-18

To approach I-T and GST departments to check veracity of information submitted

[K RAM KUMAR](#) | MUMBAI, DECEMBER 18

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Banks are likely to soon seek authorisation from borrowers and guarantors so that they can approach authorities such as Income Tax (I-T) and Goods and Services Tax (GST) departments to cross-check the veracity of information submitted for getting loans.

The proposed move is aimed at strengthening the loan-sanction mechanism in the backdrop of the pile-up of bad loans between FY16 and FY18, and rising frauds in the banking system.

Bankers say the authorisation by way of consent is required from borrowers and guarantors as banks are seeking financial (personal) information about them from the authorities. Without such authorisation, the authorities will not share information, said a senior public sector bank official.

The authorisation will help banks access granular information on the taxes borrowers and their guarantors have paid, whether they have tax arrears, and their net worth.

If the financial information submitted by borrowers and guarantors varies with what banks find in the I-T and GST databases, the loan proposal will be rejected, thereby preventing potential bad loan or fraud.

Banks are believed to be working on a standardised format for seeking authorisation from borrowers and guarantors on accessing information from various authorities.

Access to I-T, GST and Ministry of Corporate Affairs databases, coupled with tapping credit information bureaus and Central Repository of Information on Large Credits, will help bankers evaluate loan proposals better.

Stress and frauds

As per data compiled by credit rating agency ICRA, GNPA's rose to 14.1 per cent of gross advances for public sector banks as of end-September 2018, against 12.6 per cent as of end-September 2017. However, the GNPA ratio in the September 2018 quarter was lower than the preceding quarter's 14.6 per cent

GNPA's were flat at 4.4 per cent in the case of private sector banks. GNPA's of these banks in the September 2018 quarter were lower than the 4.6 per cent of the preceding quarter.

For all banks, GNPA's rose to 11 per cent of gross advances as of September-end 2018, against 10.3 per cent as of September-end 2017. GNPA's for all banks in the September 2018 quarter were lower than the 11.5 per cent of the preceding quarter.

The rating agency estimated that GNPA's of all banks aggregated Rs.9,98,200 crore as of end-September 2018, against Rs.8,40,400 crore as of end-September 2017.

According to RBI data, banks reported 5,879 cases of frauds (of Rs.1 lakh and above) aggregating Rs.32,048.65 crore in 2017-18.

Union Bank to boost loan generation in rural areas with hub-and-spoke model

The hub-and-spoke model of the Union Bank of India will now help meet the loan requirements in rural India

Lender plans to set up 30 Union Samridhhi Kendras by the end of March

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In an effort to make the best use of information technology in rural areas, Union Bank of India has now come out with a hub-and-spoke model to meet loan requirements.

Under this concept, 15-20 rural branches within a radius of 20 km are attached to a 'Union Samridhhi Kendra' in their vicinity. Loan leads

generated by branch manager / business correspondents are taken over by the agriculture officers in the 'kendra' for further action.

Rajkiran Rai G, Managing Director and Chief Executive Officer, Union Bank of India, who was in Mangaluru on Monday, said the bank, which has 16 Union Samridhhi Kendras in different parts of the country, will take the number to 30 by the end of March 2019.

How does it work

Explaining the model, Rai said if there is requirement for loans – farm loan, small business loan or vehicle loan – in the village concerned, the manager of the branch generates the lead such as the address and type of loan required.

Each kendra is equipped with around 15 agriculture officers. After the lead is updated at the Union Samridhhi Kendra, the Chief Manager in the hub assigns the lead to an agriculture officer in the kendra.

The agriculture officer, who visits the village, is armed with a tablet computer with geo-tagging facility.

The tab captures info on the type of crops, house, property, among others. Apart from this, the officer also scans the documents through the tab, and updates it online to the kendra, he said. The loan gets processed in two-three days, and the sanction goes directly to the branch concerned.

Stating that there is no question of delay, he said disbursement is done at the branch level, and there is no need for the villager to visit the Union Samridhhi Kendra.

Even the bank's business correspondents in villages can generate leads for loan requirement in their areas. These business correspondents get commission for the leads thus generated.

The bank launched this concept six months ago. Before launching this, it had done a trial run for two months in Nashik and Karnal. Based on the response in these locations, the bank expanded it to other areas, he added.

Fresh accretion of NPAs has come down: SBI

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The State Bank of India (SBI) has been pursuing resolution of Non Performing Assets (NPA) and they should decline in the future, with fresh accretion coming down, a senior bank official said on Tuesday.

“As far as the NPAs are concerned, most of the large accounts which were not performing had already been regularised as NPA. So the bank has been acting on getting the resolutions done. So, lot of those large cases are already under NCLT,” SBI Managing Director (Retail & Digital Banking), Parveen Kumar Gupta told reporters here.

The resolutions have already been done in a few cases, while they were in an advanced stage in a few others, he said. He hoped that those resolutions would go through in the next couple of months. “The fresh accretion to NPAs has already come down. So, we hope that going forward on the NPA front, we should see a decline in the numbers. We don’t see NPA numbers actually going up in the future,” he said.

Gupta, who was speaking on the sidelines of celebration of 150th anniversary of SBI Hyderabad main branch, was asked about the steps the bank planned to take to ensure that it was able to tackle the issue of high NPAs. “In a few states, we have seen increase in the NPAs in the agri segment. But, we have not seen this across the country. Only in a few states, we have seen some increase,” he said.

Govt not seeking RBI surplus funds to meet fiscal deficit: Minister

[PTI](#) | NEW DELHI, DECEMBER 18

THE HINDU
BusinessLine

The government has not sought funds from surplus reserves of the Reserve Bank to meet fiscal deficit, Minister of State for Finance Pon Radhakrishnan said on Tuesday.

The minister in a written reply to the Rajya Sabha said, "No, sir. Government has not asked funds from its surplus reserves to meet fiscal deficit."

He was replying to a query if the government approached the RBI for extra funds from surplus reserves to meet fiscal deficit target.

The RBI has massive Rs 9.59 lakh crore reserves, and the finance ministry and independent director S Gurusurthy want it to be lowered in line with global practices..

The RBI's central board on November 19 decided to constitute an expert committee to examine the Economic Capital Framework of the RBI.

The terms of reference and composition of the expert committee is to be jointly determined by the government and the central banker.

"Government has asked for a review of RBI's Economic Capital Framework," the minister said in the house.

The RBI transferred Rs 50,000 crore as surplus amount to government in 2017-18.

An amount of Rs 30,659 crore was transferred in 2016-17 (the year of implementation of demonetisation) while Rs 65,876 crore was transferred in 2015-16.

RBI follows July-June financial year.

Worries about slowdown in global economy are mounting

According to a BofA-ML survey, 53% of global fund managers expect global economic growth to weaken over the next 12 months

The present outlook on the global economy is the worst since the 2008 financial crisis

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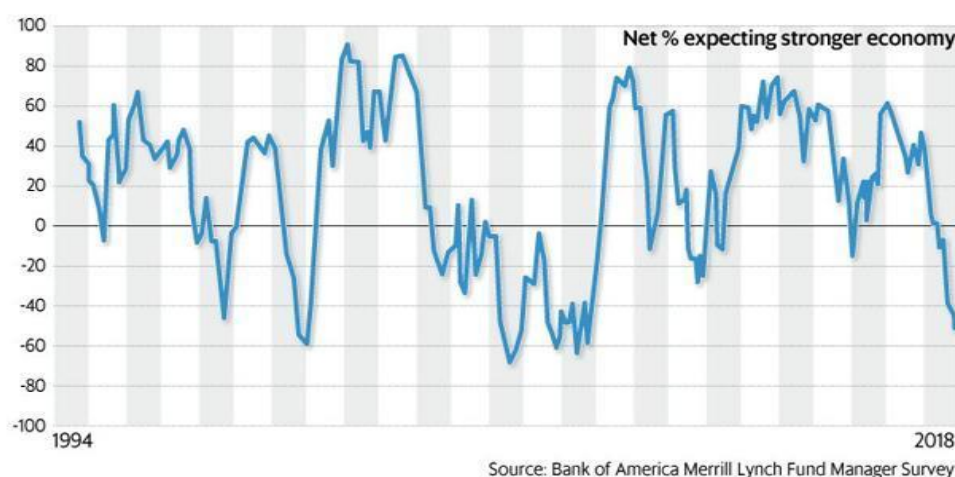


Fund managers have been bearish on the global economy since the [2008 financial crisis](#). According to the Bank of America Merrill Lynch (BofA-ML) survey of fund managers for December, 53% of global fund managers expect global economic growth to weaken over the next 12 months.

As the chart above shows, this is the worst outlook on the global economy since October 2008. "Investors are close to extreme bearishness," said Michael Hartnett, chief investment strategist, BofA-ML. "All eyes are on the Fed this week, and a dovish message could equal a bear market bounce."

US markets have corrected sharply on the back of increasing worries about a global slowdown. The sentiment is captured well in the survey. In fact, concerns about the [US-China trade war](#) have led the International Monetary Fund (IMF) to cut its [global growth forecast](#) in October to 3.7% for both 2018 and 2019, down from 3.9% projected in July.

Unfortunately, there is a downside risk to the revised forecasts as well. A senior IMF official told *Reuters* that the fund [could further cut its global growth forecasts](#) in January.



BofA-ML also said that allocation to global equities fell to a two-year low. "Investors pour into bonds, with this month's survey finding the biggest ever one-month rotation into the asset class; bond allocation rises 23ppt to net 35% underweight marking the highest bond allocation since the Brexit vote in June 2016."

While the US-China trade war tops the list of biggest tail risks cited by investors for the seventh straight month, quantitative tightening and a slowdown in China are the other concerns.

SBI may buy out Canara Bank's loans in Ratnagiri Gas

SBI's purchase of Canara Bank's Ratnagiri Gas loans is expected to be the first resolution under the inter-creditor agreement (ICA), which is part of the government's Project Sashakt aimed at resolving bad loans

The step by SBI follows Canara Bank moving the National Company Law Tribunal (NCLT) in September against the demerger and debt restructuring of Ratnagiri Gas

Dec 18 2018 | [Shayan Ghosh](#)



Mumbai: State Bank of India (SBI) is looking to buy out Canara Bank's loans of about Rs.400 crore in Ratnagiri Gas and Power Pvt. Ltd (), the erstwhile Dabhol Power Co., said two people in the know. This is expected to be the first resolution under the inter-creditor agreement (ICA), which is part of the government's [Project Sashakt](#) aimed at resolving bad loans. The step by SBI follows Canara Bank moving the National Company Law Tribunal (NCLT) in September against [the demerger and debt restructuring of Ratnagiri Gas](#).

IDBI Bank Ltd is the lead lender of the consortium, but its lending activities are restricted under the Reserve Bank of India's (RBI's) [prompt corrective action \(PCA\) framework](#), said one of the people cited above.

“SBI, which has the second-highest exposure to Ratnagiri Gas, is discussing buying out Canara Bank’s stake under ICA to complete the resolution,” he said, adding the plan has yet to be finalized.

The second person said PwC has tasked with valuing Ratnagiri Gas and is expected to submit its report soon. “The liquidation value of the company will be used as a reference point for the purchase,” he said. This person said SBI’s plan will be sent to the Indian Banks’ Association (IBA) for approval of the overseeing committee.

An IBA official said they have not received any proposal from SBI.

Under the ICA, the lead lender has the right to arrange for buyout of the loans of the dissenting lenders at a value equal to 85% of the lower of liquidation value.

SBI and Canara Bank did not respond to emails.

A PwC spokesperson said: “We do not comment on company-specific topics.”

Canara Bank moved NCLT months after a debt recast plan and demerger was approved for Ratnagiri Gas. However, the petition was rejected as non-maintainable.

The resolution plan involves demerger and a deep restructuring of debt. Ratnagiri Gas’s liquefied natural gas regasification plant has been demerged into its subsidiary, Konkan LNG Pvt. Ltd (KLPL), while loans of the power plant were restructured by lenders.

The demerger of the LNG business of Ratnagiri Gas into KLPL was approved by the NCLAT (National Company Law Appellate Tribunal) in March 2018. *Mint* reported on 28 September that Canara Bank [has been advised](#) by its auditor to seek resolution under the Insolvency and Bankruptcy Code and to classify these companies as non-performing.

The debt restructuring proposal included bifurcation of existing loans of Rs.9,000 crore into Ratnagiri Gas and its subsidiary KLPL. Around Rs.5,200 crore of loans to the power plant was then divided into sustainable

(Rs.2,000 crore) and unsustainable debt (Rs.3,200 crore) with the latter being converted into cumulative redeemable preference shares (CRPS).

The sustainable loan was given a very long repayment schedule and interest rates were reduced from 13% to 9%. Meanwhile, KLPL was given additional loans of Rs.1,200 crore to build a breakwater facility.

Gujarat govt to write off pending electricity bills worth Rs.625 crore

The move by the BJP comes in the wake of Congress president Rahul Gandhi saying that his party would ensure nationwide loan waiver if voted to power in 2019

The announcement by the BJP comes ahead of byelections to the Jasdan assembly seat on 20 December

Dec 19 2018 | [Maulik Pathak](#)



Ahmedabad: After the newly elected Congress-led governments in Madhya Pradesh and Chhattisgarh announced farm loan waivers, the Bharatiya Janata Party (BJP)-led Gujarat government on Tuesday said that it too will write off pending electricity bills of Rs.625 crore.

The move by the BJP comes in the wake of Congress president Rahul Gandhi saying that his party would ensure nationwide [loan waiver](#) if voted to power in 2019.

The announcement by the BJP comes ahead of byelections to the Jasdan assembly seat on 20 December, which is turning out to be a prestige battle between the BJP and the Congress for the Koli dominated constituency in Saurashtra.

The waiver will benefit 622,000 people in [Gujarat](#), especially in the rural areas. They will include household users, commercial users and farmers, according to a statement by state energy minister Saurabh Patel. [Power](#)

would be restored for consumers who pay Rs.500 toward their pending electricity bills, he said in Gandhinagar on Tuesday.

The waiver is not for big industrial houses but for poor people and farmers, the power minister said.

After taking oath as the chief ministers of Madhya Pradesh and Chattisgarh, Kamal Nath and Bhupesh Baghel announced farm loan waivers for their respective states.

Gandhi earlier on Tuesday told the country's distressed farmers from outside Parliament that he will not let Prime Minister Narendra Modi rest until all farm loans are waived.

Farm distress has been a major issue in Gujarat with Patidar leader Hardik Patel and the Congress demanding a waiver. During the 2017 state assembly elections, the Congress promised to waive farm loans in Gujarat if voted to power.

The party was, however, not successful in stopping BJP which won for the fifth successive term. Among the reasons for the fall in the BJP's seat tally from 115 to 99 in Gujarat assembly elections was farm and rural distress.

Earlier this year, Gujarat became the first state in the country to roll out an ambitious scheme where farmers can generate electricity using solar energy and sell the surplus to the electricity grid. Under the Suryashakti Kishan Yojana, farmers can produce electricity for farm and irrigation purposes and also sell surplus power to state-owned power companies at Rs.7 per unit for seven years.



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