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Spoke to FM before leaving India: Mallya

VIDYA RAM BUSINESS LINE

Vijay Mallya arrives at Westminster Magistrates Court in London, Britain. - Reuters

One-time liquor baron says he had told Jaitley of his intent to settle loan issue with banks

LONDON, SEPT 12

The final day of oral submissions in the extradition hearing of Vijay Mallya in London took a dramatic twist as the businessman revealed that he had met Finance Minister Arun Jaitley in Parliament before he left the country in March 2016. Alongside reiterating his offer to settle with banks he also mentioned to Mr. Jaitley he would be leaving for London, he said. "I met Mr. Jaitley in Parliament and told him I was going to London. Period," Mr. Mallya said just outside the court room as the hearing concluded on Wednesday afternoon.

However, he insisted that the issue was being turned into a controversy by "my friends in the media." "I don't think it's fair to anybody to create a controversy over this issue," he added, accusing the media of trying to make something sensational out of a "perfectly innocent statement."

Later asked to recount details of the encounter he said he had also asked if Mr. Jaitley could facilitate discussions with the banks who he wished to settle with.

"I did not have any formal meeting scheduled with him. I met him often enough in Parliament within the House and Central Hall and have expressed to him my willingness to settle on many an occasion," said Mr. Mallya, who maintained that he had had flown to London because he was on the way to a long-schedule meeting in Geneva.

In response to his offer to settle Mr. Mallya said Mr. Jaitley had said nothing. "I wouldn't expect him to say anything."

He denied any suggestion that he had been "tipped off" by anyone before leaving the country. "I can confirm to you nobody tipped me off. There was no need to run."

Earlier in the day Mr. Jaitley put out a statement disputing an initial statement by Mr. Mallya outside the court building. "I have never given him any appointment to meet me and the question of his having met me does not arise. However, since he was a Member of Rajya Sabha and he occasionally attended the House, he misused that privilege on one occasion while I was walking out of the House to go to my room. He paced up to catch up with me and while walking uttered a sentence that "I am making an offer of settlement…" He added that he had curtly told him there was no point talking to him and that he had to make offers to his bankers. "I did not even receive the papers that he was holding in his hand."

The revelations came at the end of the closing oral submission hearing after which December 10 was set as the date for the final verdict in the case. Towards the end of the hearing, Judge Emma Arbuthnot remarked that for her the most important point to be considered was the prima facie case, suggesting that issues such as political motivations and jail conditions would be less relevant.

Vijay Mallya's defence team concluded oral closing submissions branding the government case as "nonsense" and "bizarre", and accused the CBI of having been "forced to file charges," against him.

Referring to media reports that CBI special director Rakesh Asthana had gone to the head of banks and threatened them with reprisals if they did not file charges against Mallya, Defence Barrister Clare Montgomery referred to Asthana "solemnly sitting in court." "If that were a false piece of news you'd have thought it would be dealt with," she said. She also accused the prosecution of "refusing" to provide all documentation relevant to the case including those that would have revealed other appraisals of the state of affairs at Kingfisher Airways, as well as of making a number of "false allegations."

This is a financial disaster for [Mallya] as much as for the banks," Montgomery told Ms. Arbuthnot at Westminster Magistrate's Court on Wednesday, following a two-hour closing submission by her in which she focused on attempting to take down four planks of the government case. She sought to challenge the suggestion that false information about profitability had been provided to the bank to obtain the loans in question. "Full, complete and accurate" information was provided and the company's eventual failure arose from macro-economic problems facing the global airline industry, she said pointing to other airlines that had revised their forecasts over time because of changing macro-conditions.

The suggestion that there was a "secret pocket of knowledge" within Kingfisher Airways on the state of the business was "utterly unfounded." She went in-depth into questions around the value of and information on securities that had been provided to the bank to back up the loan, suggesting that some such as the negative lien on 12 aircrafts were "symbolic."

She challenged the suggestion that the loan was used in ways contrary to the way it was intended to – arguing that the specific requirements imposed on it that was suggested by the government had not in fact been placed. She also challenged the contention that Mallya had taken out the loan with no intention of ever repaying it – insisting that by reference to the government's own material – it was "perfectly obvious" that it had been taken out with a view to successfully running the airline.

She also dismissed the video provided by Indian authorities on lighting conditions at Barrack 12 at Arthur Road Jail in Mumbai, insisting it was clear from comparing the video to previous images that someone had done a "hasty clean up job" to provide a "varnished version " of prison conditions. "This is a case for a prison visit. There is no down side to it," she said.

Prosecution case

It was not the government's case that Mallya never intended to repay the loan – only that if the business did fail he wasn't going to repay them, prosecution barrister Mark Summers told the court. The judge's role was to decide whether a "reasonable jury" could reject the kind of alternative explanation advanced to her by Mallya's legal team, he said. He challenged the picture built up by Montgomery insisting the whole picture of what Kingfisher Airlines knew was "radically different' to what was presented to the banks, and that the suggestion they were aware of securities being symbolic was not the case. The conclusion to be drawn from the misrepresentation of the value of securities was that they "never intended to be honoured," he said.

Jaitley rubbishes Mallya's claims of meeting him; says never gave him appointment since 2014

LONDON, SEPT 12

Finance Minister Arun Jaitley Wednesday rubbished Vijay Mallya's claim of having met him before fleeing to London in 2016, saying he never gave him an appointment after becoming a minister in 2014 but the fugitive liquor baron misused his position as an MP to accost him once in Parliament.

Terming Mallya’s offer to settle overdue loans of over Rs 9,000 crore to his now-defunct Kingfisher Airline as “bluff offers”, the minister said he did not even take the papers Mallya was carrying during that brief encounter.

Jaitley’s comments came in response to Mallya, 62, who is fighting numerous lawsuits in the UK and back home over fraud and money-laundering allegations as well as an extradition to India, claiming after a court hearing in London that he was “tipped off” to leave the country.

“I left because I had a scheduled meeting in Geneva. I met the Finance Minister before I left, repeated my offer to settle with the banks. That is the truth,” he told reporters in London.

He, however, did not say who “tipped him off” to leave the country.

Jaitley said he had not spoken to Mallya in the last 4-5 years.

In a Facebook post, Jaitley said Mallya’s statement was “factually false” and “does not reflect truth“.

“Since 2014, I have never given him any appointment to meet me and the question of his having met me does not arise,” he wrote.

But Mallya being a Member of Rajya Sabha, occasionally attended the House.

“He misused that privilege on one occasion while I was walking out of the House to go to my room. He paced up to catch up with me and while walking uttered a sentence that ‘I am making an offer of settlement’

“Having been fully briefed about his earlier ‘bluff offers’, without allowing him to proceed with the conversation, I curtly told him ‘there was no point talking to me and he must make offers to his bankers’,” Jaitley said.

The Finance Minister said he did not even “receive” the papers that he was holding in his hand.

"Besides this one sentence exchange where he misused his privilege as a Rajya Sabha Member, in order to further his commercial interest as a bank debtor, there is no question of my having ever given him an appointment to meet me," he added.

On the Congress raising questions about who allowed Mallya to flee the country, Jaitley said the party has always indulged in politics of falsehood. "The Congress is neck deep in corruption and it has history of corruption," he said.

"People like us who are in politics for decades and part of clean politics, cannot comprehend the kind of politics Congress is doing," he said.

The government is seeking the extradition of Mallya, the tycoon behind India's best-selling beer, after bankers have pursued him for unpaid debt by his carrier that was grounded in 2012.

"I have said before that I am a political football. There is nothing that I can do about it. My conscience is clear and (I) put almost Rs 15,000 crore worth of assets on the table of the Karnataka High Court," Mallya told reporters while having a cigarette during the lunch break during the hearing for his ongoing extradition case at Westminster Magistrates' Court in London.

He said the media should question the banks why they are not supporting him in his efforts to repay.

"I am certainly a scapegoat, I feel like a scapegoat. Both political parties don't like me," he said.

No 'halla bol' at defaulter's residence: Kerala HC to Corp Bank

KC GOPAKUMART KOCHI, SEPTEMBER 12 BL

The Kerala High Court, on Thursday, restrained the management of Corporation Bank from holding any sort of demonstration by its employees in front of a loan defaulter's residence demanding repayment of the loan amount.

Justice Dama Seshadri Naidu, while passing the order, observed that the bank could still have its legal methods of recovery. The court did not come in its way. But its officials could not conduct any sort of '***halla bol***' (demonstration holding placards). "Prima facie, it affected the petitioner's right to privacy – a most-cherished fundamental, though unenumerated right," the court observed.

The order came on the petition filed by Anil Kumar P of Ravipuram, Kochi. According to him, he had availed a Mudra Shishu loan of □50,000 under the Prime Minister's Mudra Yojana scheme, launched in 2015, with a mission to create an inclusive, sustainable and value-based entrepreneurial culture for achieving economic success and financial security.

In fact, he had already repaid □37,000. However, a group of nearly 10 bank employees, along with the Chief Manager of the Ravipuram branch, took out a march to the residence of the petitioner holding the placards to "refund public money". The illegal activities of the bank had caused irreparable damage to the petitioner. The manager had also threatened that the demonstration would be organised again.

NuMetal can bid for Essar Steel: NCLAT

[Soibam Rocky Singh]

NEW DELHI , SEPTEMBER 07, 2018

THE HINDU

However, rival ArcelorMittal has to clear the dues of 2 firms to be eligible to bid

The National Company Law Appellate Tribunal (NCLAT) on Friday ruled as eligible the second bid of Russian VTB Bank-promoted consortium NuMetal for debt-ridden Essar Steel. And, rival bidder ArcelorMittal would have to first clear all the dues of Uttam Galva and KSS Petron, in which it holds stakes, to become eligible to bid for the steelmaker, the appellate tribunal said.

NCLAT gave ArcelorMittal time till September 11 to clear all the dues of the two firms saying that the “stigma will continue” till the payment of all arrears. Both NuMetal and ArcelorMittal had moved the NCLAT over bidding eligibility. They had filed individual petitions challenging their disqualification in the first round of bids by the Committee of Creditors (CoC).

Bidders move NCLT

Even as the bidding for Essar Steel went into a second round, both bidders moved the Ahmedabad bench of the National Company Law Tribunal (NCLT) challenging their disqualification.

NCLT, in April, quashed the first round of bidding for Essar Steel on grounds that the CoC and the resolution professional did not follow the procedure prescribed under the Insolvency and Bankruptcy Code.

Bidders given time

NCLT, however, gave both the bidders time to cure any defects in their bids. Subsequent to the NCLT verdict, NuMetal and ArcelorMittal moved the NCLAT challenging each other’s eligibility.

Earlier, Arcelor Mittal had claimed that it addressed the concerns raised by the Committee of Creditors as it deposited Rs.7,000 crore in an escrow account of State Bank of India to clear the defaulted dues of Uttam Galva and KSS Petron. NuMetal also removed Rewant Ruia, son of Essar Group co-founder Ravi Ruia, from the company’s shareholding to become eligible to bid.

IRDAI to give LIC timeline for lowering stake in IDBI Bank to 15%, says Khuntia

IRDAI Chairman urges insurers to increase the scope of insurance in the country

OUR BUREAU | MUMBAI, SEPTEMBER 7

THE HINDU BusinessLine

Insurance Regulatory and Development Authority of India (IRDAI) Chairman Subhash Chandra Khuntia, on Friday, said the insurance regulator will soon give a timeline to Life Insurance Corporation of India (LIC) to bring back its shareholding in IDBI Bank to 15 per cent from 51 per cent.

"We will look at LIC's business plan (post acquisition of 51 per cent stake in IDBI Bank), and then decide on the reduction of its stake in IDBI Bank," Khuntia told reporters on the sidelines of an Assocham insurance conference. He stressed that the life insurer would have to first safeguard the interests of policyholders.

State-owned LIC currently holds 7.98 per cent in IDBI Bank, but plans to increase it to 51 per cent as part of its strategy to enter the banking space and lower the debt burden of the bank.

IRDAI had, in June this year, relaxed norms for LIC to make the acquisition. The insurer is also in the process of picking up an additional 7 per cent stake in IDBI Bank through preference shares.

The LIC Board had also met onTuesday to finalise the timeframe and mechanism for the acquisition, including the possibility of an open offer.

When asked about the ongoing case in Delhi High Court against the acquisition, filed by the All India IDBI Officers Association, Khuntia said IRDAI has given its response to the court.

"IRDAI has the powers to give relaxations in specific cases, if they are justified. LIC had requested that in the interest of their expansion, they would like to have a synergy with a bank. Some relaxation has been given for this specific case," he said, adding that there would be no blanket exemption for all insurers.

Insurance penetration

Meanwhile, addressing the conference, Khuntia urged insurers to increase awareness and penetration of insurance in the country. Penetration of insurance in the country is only 3.69 per cent of gross domestic product (GDP) against the global average of 6.2 per cent, the IRDAI Chairman noted, pointing out that there is also low persistency ratio.

He also urged insurers to explore the possibility of long-term insurance products in other segments, apart from motor third-party insurance, which has just been launched.

IRDAI will also put in place a new methodology for quick approval of products. "We are also looking at opportunities to have more use-and-file kind of products," said Khuntia.

Further, the regulator is working on guidelines for regulatory sandbox for some innovative products that can be tried out in a limited scale and then be introduced as full-fledged products, he said.

Lenders initiate action to take 11 stressed power assets to NCLT

There is a risk of power assets further losing value once they are referred to the NCLT

SBI calls for meeting to begin insolvency proceedings

KSENIA KONDRATIEVA | MUMBAI, SEPTEMBER 6

THE HINDU BusinessLine

Lenders led by SBI are preparing to take 11 stressed power assets to the bankruptcy court next week with the RBI's deadline for initiating insolvency proceedings fast approaching, sources said.

"SBI has called for a meeting of lenders on Thursday to discuss starting insolvency proceedings against 11 accounts, which were earlier supposed to be resolved outside the NCLT," said an industry source who did not want to be identified.

He added that lenders arrived at this decision based on advice from legal experts.

The move follows Allahabad High Court last week denying power companies relief from the RBI's February 12 circular tightening the norms for resolution of stressed assets.

"Even though in many of the cases resolution was almost achieved and buyers were almost finalised, RBI guidelines are very clear on the deadline, and banks have no option but to take those assets to the NCLT," said another person with knowledge of the development.

An SBI-led consortium of bankers, earlier this year, shortlisted 11 power plants with up to 15,000 MW total capacity for change of management under the scheme of asset management and debt change structure or Samadhan scheme. Projects of Lanco Infratech, Jaypee Power Ventures, KSK Mahandi, Coastal Energy, Avantha Power, SKS Power and Prayagraj Power were among those assets selected for the scheme.

In fact, Prayagraj Power has emerged as one of the first cases where resolution was about to be finalised outside the NCLT. Last week, Tata Power and ICICI Venture-promoted Resurgent Power announced receiving Letter of Intent from the lenders of Prayagraj Power, which was earlier promoted by Jaiprakash Associates. However, JSW Energy, another bidder for the 1,980 MW thermal power plant, revised its bid to Rs.6,200 crore from its earlier bid of Rs.5,890 crore.

Industry sources suggest that in cases like Prayagraj where the resolution plan is almost finalised but not yet fully implemented or did not yet get a majority vote from the lenders, there is no time left to complete the process and, hence, initiating insolvency proceedings is the only way.

Industry watchers, however, warn there is a risk of power assets further losing value once they are referred to the NCLT.

Experts also note that very few power assets have so far got resolved, indicating the limited number of buyers for these assets as well as the limited opportunity that these assets provide to investors. Only those assets with PPAs and fuel arrangements could possibly be looked at by investors, and there is just a handful of such assets out of around 40 stressed assets identified earlier.

Corporation Bank plea in NCLT against EssarPorts arm

Corporation Bank says Essar Bulk Terminal Salaya Ltd defaulted on Rs.196 crore loans

Corporation Bank has suggested the name of Rohit Mehra as the interim resolution professional

Sep 07 2018 | Maulik Vyas

live mint

Mumbai: Corporation Bank has approached the Ahmedabad bench of the National Company Law Tribunal (NCLT) against Essar Bulk Terminal Salaya Ltd, a subsidiary of Essar Ports, for allegedly defaulting on loans totalling more than Rs.196 crore.

The state-owned lender approached NCLT to initiate the resolution process against Essar Ports' Gujarat-based subsidiary. The lender had declared the account a non-performing asset on 31 March 2018.

Essar Ports owns three more ports—another Gujarat-based subsidiary Hazira Bulk Terminal, Paradip Dry Bulk Terminal (Odisha) and Vizag Terminal in Andhra Pradesh.

Corporation Bank has suggested the name of Rohit Mehra as the interim resolution professional, according to the petition filed by the bank.

Stand-alone data is not available for Essar Bulk Terminal Salaya. However, according to the latest available data, as of March 2017, Essar Ports owed about Rs.500 crore to its lenders.

The company reported revenue of Rs.438.48 crore in fiscal year 2017, a fall of 73.5% compared to the Rs.1,656.40 crore a year ago. During the same period, it reported a profit of Rs.45 crore, compared to a loss of Rs.58.23 crore in FY16.

"The company is in advanced stage of discussions with the mentioned lender to resolve the issue to mutual satisfaction," said the Essar Group's spokesperson in an email response.

An email query to Corporation Bank did not elicit any response at the time of filing the report. Nishith Dhruva, managing partner of law firm MDP and Partners, who is representing the bank, confirmed the development but refused to divulge any details as the matter is sub judice.

Essar Bulk Terminal Salaya is the fourth Essar company to face insolvency proceedings.

The group's flagship company Essar Steel Ltd, which owes more than Rs.37,200 crore, was admitted for resolution last year.

In May 2017, EPC Constructions India Pvt. Ltd, formerly known as Essar Projects (India) Ltd, was admitted for resolution.

In April, the tribunal admitted ICICI Bank's insolvency plea against Essar Power Jharkhand Ltd for defaulting on more than Rs.3,050 crore.

Youth still waiting for 20 million jobs promised by BJP: Manmohan

Manmohan Singh blamed the BJP-led government for joblessness and said that the employment growth rate had declined in the last four years

Manmohan Singh said flagship programmes like Make in India and Stand Up India had not made much impact and that small and marginal enterprises had not benefitted significantly from ease of doing business schemes

Sep 07 2018 | Gyan Varma

live mint

New Delhi: Former prime minister Manmohan Singh on Friday questioned the economic policies of the ruling National Democratic Alliance (NDA) under Prime Minister Narendra Modi and said young Indians were waiting for the 20 million jobs promised by the Bharatiya Janata Party (BJP). Singh was speaking at the launch of *Shades of Truth*, a book by former Union minister Kapil Sibal.

Singh blamed the BJP-led government for joblessness and said that the employment growth rate had declined in the last four years and that figures presented by the NDA on job creation were unimpressive.

"Our youth are desperately waiting for the promised two crore jobs. Employment growth rate has been declining in last four years. People aren't impressed with the figures being put out by the Modi government to justify creation of a large number of jobs," said Singh.

Singh said flagship programmes like Make in India and Stand Up India had not made much impact and that small and marginal enterprises had not benefitted significantly from ease of doing business schemes.

"Programmes like Make in India & Stand Up India are yet to make meaningful impact on industrial production growth. Small and marginal enterprises are yet to derive significant benefit from ease of doing business schemes. Demonetization and GST's hasty implementation have hurt enterprises," Singh said.

The book launch became an event to showcase opposition unity as it was attended by Sitaram Yechury, general secretary of the Communist Party of India (Marxist), senior politician Sharad Yadav, and former minister P. Chidambaram, apart from Sibal.

"I'm afraid that Modi has understood the power of democracy. That is why he is on a mission to destroy it. Attacks on institutions are part of an ideological background," said Yechury.

The scathing attack on the government is significant as the opposition parties are planning to make unemployment, the ongoing rural distress, the impact of demonetization on the economy and the implementation of GST major election issues against the BJP-NDA government. Sibal said had demonetization been taken in any other country, the prime minister would have had to vacate his chair.

From posting parcels to delivery of banking services, will India Post succeed?

India's 164-year-old government-owned postal service, which has fallen into its traditional public sector mould, attempts to resurrect into a common man's tech-savvy doorstep banker

Beena Parmar@BeenaParmar | Sep 08, 2018

moneycontrol

Your khaki-clad neighbourhood postman will now handle your bank account.

Prashant, a 30-year old postman flaunting a mobile phone and biometric device in his hands, says, "I am happy that we are becoming a bank. Our image should change..."

Once ubiquitous in the life of most Indian citizens, the 164-year-old India Post has come a long way into becoming a bank earlier this month. The country's government-owned postal service, which has fallen into its traditional public sector mould, now attempts to resurrect into a common man's tech-savvy doorstep banker.

Even as many see payments bank devoid of a business model, a senior India Post official said the payments bank aims to break even in two to three years. The government has approved capital infusion of Rs 1,435 crore. Will this money help revival or go down the drain?

"One of the important functions of the Bank is to accept deposits from the public. In fact, depositors are the major stakeholders of the banking system. This is even more important for India Post Payments Bank (IPPB or 'the Bank') as acceptance of deposits is a critical focus area of the Bank's business," IPPB said in its Comprehensive Deposit Policy document.

At present, about 50 percent of India still lacks access to basic banking services.

Experts suggest that garnering deposits will be easy given its reach and trust among people, but retaining that trust with convenience of services along with delivering the right facility in the most efficient way, will be key.

"Two things will be critical to start with: Deposits and Payments via remittances. Then they (bank) can cross-sell small products like insurance and other financial products, which has potential to generate fee-based income," says Vijay Chugh, former Chief General Manager, Department of Payment and Settlement Systems at RBI.

He says we have a combination of extreme needs of a country which the bottom of the pyramid needs through physical assisted mode and to the urban population that which is technologically savvy. India Post can service both ends as they have a relationship with both among others... A Payments bank and business correspondent (BC) model will work."

Indian postal service to India Post Payments Bank

Set up in August 2016 as a 100 percent government-owned public limited company under Department of Posts, IPPB is aimed at making banking easy for ordinary citizens.

After pilots in Raipur and Ranchi since January 2017, IPPB was finally launched on September 1 with 650 branches and 3250 access points (Post Offices). The institution will spread its footprint and leverage the vast postal network of almost 1.55 lakh post offices with the help of over 10,000 postmen to begin with.

"We aim to have one branch in every district and are giving training to all our postmen to handle the mobile and biometric device to open current/savings account with the help of just the PAN and Aadhaar number," said HC Agrawal, Chief Postmaster General, Maharashtra Circle.

What is a payments bank?

In 2013, the Reserve Bank of India (RBI) announced a new round of differentiated banking licences — Small Finance and Payments Bank.

A payments bank is like any other bank, but operating on a smaller scale without any lending activities like giving loans or credit cards. It can accept demand deposits up to Rs 1 lakh, offer remittance services, facilitate utility bill payments, mobile payments/transfers, enterprise and merchant purchase and sale transactions, direct benefit transfers (DBT) and third-party fund transfers.

A long-time aspirant, Department of Posts was among the 11 entities that got the final licence in 2015 with an objective to increase financial inclusion by providing small savings accounts and payments/remittance services to migrant labourers, low-income households, small businesses and other unorganised sector entities.

Of the 11 entities, Airtel, Paytm, Fino and Aditya Birla Idea Payments Bank have launched services. Three firms gave up their licences and didn't venture into the sector.

What will work for India Post?

The biggest advantage for India Post is its physical presence, distribution and trust factor among the public in the country.

On an average, a post office serves around 10,200 people. In contrast, a bank branch serves around 14,580 people.

According to the India Post annual report 2017-18, IPPB will offer services through a mix of physical and digital platforms. Channels for delivering services will include:

- Counter operations
- ATMs/micro ATMs
- Doorstep, mobile and internet banking
- Pre-paid instruments such as mobile wallets, Point of Sale (PoS) machines, MPoS (mobile PoS), etc.

Chugh says, right now, we have about 30 billion as overall payment transaction number, just about 10 percent of the market. “If we (IPPB) grow three times, we can easily capture a good market share… Cross-selling will also help make money.”

For now, IPPB has tied up with Bajaj Allianz Life Insurance to offer life insurance products and PNB Met Life for Pradhan Mantri Jeevan Jyoti Bima Yojana.

Agrawal said, “We plan to tie up with co-operative diaries, vegetable and fruit mandis (sellers’ wholesale market), dabbawalas (tiffin service operators) and fishermen for them to avail our services.”

Further, the increased use of providing cash subsidies through DBT by the government could grow the bank’s business in multiples.

At present, India Post has a rural India penetration of 1.30 lakh access points, which is nearly 2.5 times the number of bank branches in rural India today, India Post claims.

On the human resource front, IPPB has a large workforce of 3 lakh postmen and gramin dak sevaks (GDS) in every district, town and village of the country to provide banking services.

“If 300,000 postmen operating as business correspondents (BC) capture even two remittance transactions on a daily basis, that is 600,000 transactions at the rate of Rs 20 per transaction (it works to Rs 1.2 crore per day revenue)...”

The bank has plans to recruit about 3,500 personnel for various positions across the country in the next few months.

On the day of launch in Maharashtra, Ganesh Sawaleshwarkar, Postmaster General, Mumbai region, said, “An incentive-based system is being worked out for additional remuneration to the postmen doing additional duty of doorstep bank account opening and payments for customers.”

The road ahead

To start of, India Post had registered an increase in its revenue deficit at Rs 11,970 crore for 2016-17 as against deficit of Rs 6,007 crore for 2015-16, as per its annual report.

This is a direct consequence of increase in usage of mobile phones and e-mails that has now made physical letter-writing or such communication almost redundant (except for government usage) and also entry of more efficient private courier services and remittance players.

Chugh says, “The first and foremost is the PSU-nature. The key task will be how to incentivise these people to outperform their own performance of the past. If that model works, we can achieve success.”

Training of the employees in technology and banking knowledge will also be key. As of now, about 805 postmen have been trained into using the mobile and biometric devices.

Moreover, competition from the four private players exists.

“Competition will be there but we need to remember that my postman is closer and friendlier to me than an Airtel or Vodafone boy. So the well-recognised khaki dress with a much smarter look will reinstate faith and has the potential to serve customers much better than the competitors,” Chugh adds.

Putting public sector banks back on track

The complexity of the problem is again reflected in deliberations of the standing committee on finance and submissions made by various stakeholders

Sep 10 2018

live mint

The Indian banking sector continues to struggle with higher non-performing assets (NPAs), particularly when it comes to public sector banks (PSBs). Much ink has been spilled on how to address this and roll back the adverse effects on productive sectors of the economy. This core problem is being addressed at various levels. There are a number of issues surrounding it that also need to be considered, however. The standing committee on finance, headed by M. Veerappa Moily, has done just that with its latest report.

The human resource problem is a good example. State-run banks are facing serious challenges on this front. A large number of senior employees will be retiring over the next five years; 95% of those at the general manager level will be out of the door by 2019-20. It will be a challenge to fill the resource gap at this scale without major changes in human resource policies. This, in turn, will also affect the governance and operational issues that have played into the NPA mess.

The complexity of such problems is reflected in the deliberations of the committee and submissions made by various stakeholders, including the Union government and the Reserve Bank of India (RBI). Some of the recommendations of the committee need wider discussion.

First, the committee has questioned the capital adequacy rules imposed by RBI, particularly for banks that do not have international exposure and are under the prompt corrective action framework. Relaxing the norms will improve their lending capacity and generate higher interest income. It is well accepted that higher lending capacity in the banking system will benefit the economy. However, relaxing capital adequacy norms, particularly for weaker banks, could be risky and affect financial stability. It is possible that these banks will end up accumulating more bad loans.

Second, the committee has suggested that RBI should consider separate treatment for NPAs arising due to wilful defaults and those because of external shocks, such as policy or judicial interventions. This is a slippery slope and could lead to unnecessary complications. In this context, the RBI has done well by not relaxing rules for power producers. Even if some loans have become non-performing because of external factors, there is no guarantee that banks will be able to recover money by holding on to them for an extended period. In fact, it is in the interest of banks to get out of such assets in a fair and transparent manner.

Third, to avoid large haircuts, the committee has recommended fixing a base price for bidding of assets under the bankruptcy process. This will again impede timely resolution. Fixing a floor price will affect price discovery and discourage bidders. It is important to recognize that the resolution system under the Insolvency and Bankruptcy Code (IBC) is still at an early stage and dealing with a large volume of cases.

Therefore, it is likely that valuations will be affected in the near term due to demand-supply mismatch. However, as the system stabilizes, outcomes are likely to improve for creditors. In this sense, the committee has done well to suggest that the capacity of the National Company Law Tribunal be improved.

Fourth, the committee has noted that banks lack the resource base and expertise to engage in long-term project financing. Therefore, the architecture of specialized long-term finance institution should be reconsidered. As this newspaper has argued in the past, the idea of long-term finance banks is worth trying. Specialized institutions will be in a better position to evaluate long-term projects. However, it will be important that they are designed well with a supportive regulatory environment. The earlier experiment with long-term finance institutions did not fully work as desired.

Fifth, as RBI has argued in the past, the central bank told the committee that it does not have adequate powers to control PSBs. The committee has recommended constituting a high-powered committee to evaluate the powers and authority of RBI, among other things. Since questions have been raised by the regulator and other stakeholders, it would be advisable to study the issue in detail, as it will help strengthen the overall regulatory architecture.

PSBs are currently dealing with difficult issues with no easy solutions. But the current situation is also an opportunity to undertake reforms and strengthen state-run banks. The new framework for the resolution of stressed assets and IBC will check accumulation of bad debt in the future. Concurrent with that, operations and governance in PSBs require reform. The committee believes that the present crisis is transitory. However, the future will depend on the way it is managed.

Axis Bank appoints HDFC's Amitabh Chaudhry as MD & CEO

PTI
NEW DELHI, SEPTEMBER 08, 2018
THE HINDU

Amitabh Chaudhry, who is take charge at Axis Bank from January 1, 2019, has been associated with HDFC Life since January 2010

Axis Bank on Saturday said Amitabh Chaudhry has been appointed as its managing director & CEO from January 1, 2019, for a period of three years.

Mr. Chaudhry, the MD & CEO of HDFC Standard Life Insurance Company at present, will take the charge at India's third largest private sector bank after incumbent Shikha Sharma steps down on December 31, 2018.

"The Board of Directors of the bank at its meeting held today has taken on record the approval granted by the Reserve Bank of India [RBI] to the appointment of Amitabh Chaudhry as the Managing Director & CEO of the Bank, for a period of three years, with effect from 1st January 2019 up to 31st December 2021 [both days inclusive]," Axis Bank said in a filing to the BSE.

Mr. Chaudhry, 54, has been associated with HDFC Life since January 2010.

"I would like to thank the RBI and the Axis Bank Board for the privilege and honour given to me to lead this great institution," Mr. Chaudhry said.

In April, Axis Bank board had curtailed the fourth term of its CEO and managing director Shikha Sharma to seven months following an unusual request from her that she be relieved on December 2018, 29 months ahead of the scheduled term.

In July 2017, the Axis Bank board had approved re-appointment of Ms. Sharma. Her fourth term as MD & CEO began from June 2018.

Only 33% Indians save regularly for retirement, says report

PTI
MUMBAI, SEPTEMBER 09, 2018
THE HINDU

The report found that over half of working-age people (56%) are living on a day-to-day basis financially

Only a third in India are regularly saving for their retirement while just 33%of working-age respondents globally are putting anything aside for their later life, according to a report.

The lack of saving is likely linked to low knowledge of how much money is needed in retirement, as well as many prioritising their immediate financial situation over planning for their older years, according to HSBC's the 'Future of Retirement: Bridging the Gap' report.

"For many, retirement is thankfully no longer a short period tacked on to the end of our life. It can be a long and very fulfilling part of a person's life.

"But with that, our needs at 65 can be very different from our needs at 75 or 85, with very different financial implications," HSBC India head of retail banking and wealth management Ramakrishnan S said.

The research for this report was carried out online by Ipsos on behalf of HSBC among 16,000 adults in 16 markets, including Australia, Argentina, Canada, China, Malaysia, Mexico, Singapore, Taiwan, France, Hong Kong, India, Indonesia, Turkey, UAE, UK and USA.

It revealed that only 19 per cent of working age people are saving for future nursing or care home fees. This is despite half (51 per cent) respondents claiming to be concerned about affording residential care when in retirement, it added.

Meanwhile, the report found that over half of working-age people (56 per cent) are living on a day-to-day basis financially, while a further 53 per cent only save for short-term goals.

Almost half (45 per cent) also admit they prefer spending on enjoying today rather than saving for tomorrow, it added.

The lack of saving may also be linked to many people not considering their older years as 'retirement' at all, with over two-thirds of working-age people (69 per cent) expecting to continue working to some extent and more than half (54 per cent) hoping to start a business or new venture, it said.

When it comes to knowing the amount of money they will need in retirement, almost two-thirds (65 per cent) of working-age respondents said they were aware of the cost of typical residential home fees.

Also, the report revealed that this is leading a generally positive view of retirement across the globe.

Most working-age people are looking forward to greater freedom away from the nine-to-five (76 per cent), taking up new hobbies and interests (72 per cent) and getting fit (68 per cent), it added.

Lehman Weekend: the biggest bankruptcy in American history

AFP SEPTEMBER 08, 2018

The collapse of the financial institution took the world by surprise leaving well over $600 billion in debt as well as 25,000 employees in shock

It was "Lehman Weekend". The moment in September 2008 when the 150-year-old investment bank Lehman Brothers collapsed, precipitating the worst global economic crisis since the 1930s.

After failing to find buyers for the troubled financial giant, that was weighed down by risky debt holdings made up of at sub-prime mortgages, U.S. authorities declined to offer a bailout and allowed the institution to fail.

Monday, September 15, 2008, at 1:45 a.m., Lehman Brothers filed forbankruptcy, taking the world by surprise leaving well over $600 billion in debt, as well as 25,000 employees in shock.

It was the biggest bankruptcy in American history. On Wall Street, the Dow Jones plunged 500 points, the largest drop since the attacks of September 11, 2001. Stunned traders streaming out of the building carrying boxes of their belongings became a symbol of the crisis.

Some were caught by surprise. But others, like Lawrence McDonald, a former trader and co-author of a 2009 book on the collapse — "A Colossal Failure of Common Sense: The Incredible Inside Story of the Collapse of Lehman Brothers" — said the management had long been alerted to the excessive risks they took to increase short-term profits.

The top Lehman leadership, housed on the bank's 31st floor, "drove us 162 miles (261 km) an hour...right into the biggest sub-prime iceberg ever seen," he told AFP.

'Bet on toxic assets'

"It was 24,992 people making money and eight guys losing it," he said, lamenting that the management "bet the ranch" on toxic assets.

From 2005 to 2007, at the height of the real estate bubble, when mortgages were given to many homebuyers who could not afford them, and then packaged into securities and sold off, Lehman Brothers bought several mortgage brokerages and posted record profits.

But in mid-2007, the losses began to build. The knockout punch came nine months later, March 16, 2008, with the near bankruptcy of another investment bank, Bear Stearns. Bear Stearns was on the verge of bankruptcy also because of its massive bets on sub-prime mortgage securities, and was bought for a pittance by J.P. Morgan, in a sale brokered by the Federal Reserve. The deal shakes markets, which are now betting on Lehman's demise.

The Fed and Treasury tried to find a buyer, negotiating in vain with a South Korean bank, then with Bank of America and Barclays.

But while the government just a week earlier took over mortgage giants Fannie Mae and Freddie Mac — government-sponsored private enterprises that guarantee more than $5 trillion in home loans — in the end, officials choose to abandon Lehman.

A few days later, Uncle Sam would rescue insurance giant AIG for $180 billion, before providing another $700 billion dollars in a controversial recapitalisation plan to prop up banks: the Troubled Asset Relief Program (TARP) to try to shore up the teetering financial system.

Authorities found themselves between a rock and a hard place and have been widely criticised for sacrificing Lehman Brothers but saving other banks such as Goldman Sachs. "The thing we get the most criticism for is letting Lehman go down," said Henry Paulson, who served as Treasury Secretary under then President George W. Bush and was at the helm at the start of the crisis.

"Many people say well they were able to save Bear Stearns, they were able to save AIG, why couldn't they save Lehman? We answer it and most people don't believe us," he complained to National Public Radio.

Officials concluded that Lehman was so weak, and had so little collateral, that a bailout would be simply unworkable.

Timothy Geithner, who lead the New York Fed during that time and late became Treasury Secretary under President Barack Obama, said officials had very few options.

"Lehman was terribly weak even relative to the other weaker institutions in this context. The world was terrifically fragile," he told NPR.

"It was very hard to find someone strong enough in that moment of peril that was going to be capable of taking on the vast bulk of that risk."

But others, including Laurence Ball, head of the economics department at Johns Hopkins University, said in a 2016 report on Lehman that the reasons given do not add up and it was more likely there was political pressure on the Fed to allow the bank to fail.

"Another factor is that both Paulson and Fed officials, although worried about the effects of a Lehman failure, did not fully anticipate the damage that it would cause," Mr. Ball argued.

ArcelorMittal set to move apex court against NCLAT order on Essar Steel bid

To contest conditional nod to its eligibility, green-light to rival contender Numetal

SURESH P IYENGAR | MUMBAI, SEPTEMBER 9 BL

The resolution process of stressed Essar Steel is headed for another legal battle with ArcelorMittal set to approach the Supreme Court against a tribunal order granting conditional qualification to the Luxembourgcompany.

Essar Steel's resolution professional has called for a meeting of the bidders and the Committee of Creditors on Monday.

On Friday, the National Company Law Appellate Tribunal (NCLAT), had ruled that ArcelorMittal was ineligible to bid for Essar Steel as it held shares in defaulting companies, Uttam Galva and KSS Petron. The NCLAT had given ArcelorMittal time till September 11 to settle the debt for these companies to qualify.

'Unfair ruling'

However, ArcelorMittal reckons it has been given an unfair ruling as the NCLAT had green-lighted a rival bid from Numetal.

The tribunal accepted Numetal's second round of bidding after Aurora Enterprises — owned by Essar Steel promoter Ravi Ruia's son Rewant — sold its 25 per cent holding in the consortium to other shareholders Indo and TPE. Indo holds 34.1 per cent stake in Numetal; TPE 25.9 per cent; and Russia's VTB-Bank-owned Crinium Bay, has 40 per cent.

"There is no provision in the Insolvency and Bankruptcy Code which permits an ineligible person to become eligible by selling or transferring its shares of the company whose accounts have been declared as NPA by banks," sources in ArcelorMittal said.

"The sale of shares by Rewant Ruia had made Numetal eligible to bid for Essar Steel. By the same yardstick, ArcelorMittal should also be made eligible with the sale of its holding in defaulting group companies Uttam Galva and KSS Petron," said a senior lawyer.

Assuming ArcelorMittal agrees to pay Rs.7,000 crore, the sum that Uttam Galva and KSS Petron had defaulted on, he said the Committee of Creditors should consider the first round of bidding of ArcelorMittal along with that of Numetal and Vedanta.

Tribunal's rationale

The NCLAT had observed that ArcelorMittal cannot deposit the defaulted money of its group companies in its own account and claim it as settlement for the defaulted amount. "Such deposit of amount in its own (ArcelorMittal) escrow account does not qualify as a payment of overdue amounts... A conditional offer to pay the overdue amount cannot be accepted…," said the judgment.

EVERDAY IS AIBEA DAY	**AIBEA THIS DAY – 13 SEPTEMBER**
1977	**Two hours Strike -3rd Bipartite proceedings.**
1947	**Com. C Gopinathan Nair, former General Secretary, SBTEU (date of birth) Com. D K Chatterjee, former Asst. Secretary, AIBEA (date of birth)**
2007	**Com. Lalitha Joshi Joint Secretary attends international Trade Union Conference on Working Women at Brussels, Belgaum**

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