CANARA BANK RETIRED OFFICERS' ASSOCIATION (Regd.)

(Registered under the Trade Union Act 1926)

(Affiliated to AIBPARC)

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CIRCULAR 1 / 2015 **6th February, 2015.**

Dear Members,

The Central Government organised a meeting of chiefs of Public Sector Banks named as Gyan Sangam on 2nd and 3rd January,2015 at Pune and the Meeting laid the road map for privatisation of Public Sector Banks. All the presentation papers were readied by the Ministry of Finance with McKinsey, a multinational company as knowledge partner.

The suggestion of one of the panels is to establish Bank Board Bureau (BBB) as a first step; then this BBB will evolve into the Bank Investment Company (BIC) through appropriate legislation; then Govt. Share holding has to be transferred to BIC, then the proposed BIC's investment in a Bank to less than 50 per cent to be reduced over the long term (within two years). Finally all ownership functions will be transferred from BIC to Bank Boards; Bank Boards will become truly empowered and BIC will remain an investment compoany.

The whole idea in this circuitous process is to hand over the PSBs to the private corporates. With the cap of individual voting rights in nationalised banks enhanced to 10 per cent from 1 per cent in the year 2012 and with the FDI cap fixed at 74 per cent, the risk of ownership of PSBs going into the hands of foreign based MNCs is very high.

The NDA Govt. at the Centre in December 2000, had introduced a bill in the Lok Sabha to reduce the Govt. Shareholding to 33 per cent, thus paving the way for privatisation of PSBs. The united ,determined struggle of bank employees including through observance of several days' strike to oppose proivatisation attempt prevented this. The present Govt. is again promoting the idea of privatisation of PSBs.

The repeated argument put forth by the sucessive Governments at the Centre, RBI, P J Nayak Committee and Gyan Sangam is that, "there is requirement of capital of nearly Rs.2,40,000 crores by 2018 in terms of Basel III norms which cannot be provided by the Government. Therefore, PSBs have to be privatised and allowed to raise capital from market.

When the Basel norms are basically meant for private Banks and voluntary and when India is not a direct party to those norms and when confidence of the common man in the PSBs is abundant, irrespective of the capital, why did our country chose to adopt the same? When some of the advanced countries are still in the process of adoption of Basel II norms, why should India be in a hurry to go for Basel III norms?

The total revenue foregone under the heads of corporate income tax, customs and excise duty in the successive budgets of the Central Government from the year 2004-05 to 2013-14 work out to more than Rs.36.5 lakh crores. Assuming that Basel III norms are to be adopted, can equity capital to PSBs not be provided if this kind of drainage of income to the Government exchequer is stopped?

According to the renowned economist Prabhat Patnaik, "the provision of additional equity for nationalised banks is a complete non-issue. And the reason for its being a non-issue is simply that with nationalised Banks, the Government is committed to protecting them any way, precisely by virtue of being their owner. No Basel III norm in terms of equity base is actually necessary for them, for they already enjoy the protection of the sovereign government that owns them. Fulfilling this equity norm which is unnecessary can therefore take the form of a mere book transaction, which is no more than just a ritual."

The Central Government and the Chiefs of PSBs advance several arguments for privatisation. The stressed assets and non-performing assets (NPAs) aremore in PSBs than the Private Banks- is one such argument. At the outset the veracity of this statement is under question. Secondly, the reason for accumulation of NPAs in the PSBs is flawed recovery mechanism. The statementof the former finance minister P Chidambaram reveals that 30 top defaulters in a Bank contribute more than 50 per cent of NPAs. Why laws of recovery are not made stringent to enable PSBs to recover bad loans from the big defaulters? Whom are they facilitating by keeping teethless laws in the statute book?

Another argument advanced by them in the Gyan Sangam is that level playing field is not there between private sector Banks and PSBs. Some of the fields suggested by them are:

1. PSBs have to fulfil priority sector lending (PSL) obligations while private sector peers are allowed to purchase PSL securities from NBFCs.
2. PSBs have spent the last three months focusing on the Prime Minister Jan Dhan Yojana (PMJDY) and opened 10 crore accounts while private sector peers have opened only 30 lakh accounts.
3. PSBs have 33 per cent of rural branches while private sector Banks have only 15 per cent rural branches.
4. PSBs invested heavily in infrastructure financing and four other sectors keeping nation building interests intact whereas private sector has not made any such investment.

These are really genuine concerns. Instead of advancing an argument that private sector Banks should be compelled to fulfil RBI directives strictly or private sector banks should be nationalised, the argument to privatise PSBs, though appears to be innocuous, is harmful to the interests of the people of this country.

During the interim period before privatisation, the Gyan Sangam suggests consolidation of PSBs. In their view only five PSBs have the acquisition capability and the rest are to be targets. The RBI report dated August 27, 2013 itself admits that consolidation will result in rationalisation of branch network which may lead to closure of branches and redeployment of staff and consolidated banks may rather cater to big ticket business, in the process adversely affecting financial inclusion. The same report says, "There is empirical evidence that one consequence of merger wave in US Banking in 1990s has been that loan approvals for racial minorities and low income applicants have fallen and the extent of this decline was more severe for large banks.' The report further says, "Consolidation could also result in less competition... and arbitrary pricing of products."

Further, hardly 5 per cent of the 6,32,000 villages in the country have bank branch of PSBs. The number of rural branches has been reduced from 54 per cent in 1994 to 33 per cent in 2014. Nearly 43 per cent of rural credit is financed by money lenders, landlords etc. The number of suicides of farmers for want of institutional credit at low interest with long repayment period is on the increase. Hence, merger and consolidation of PSBs are sure to be detrimental to the interests of the rural poor particularly farmers who are the backbone of our nation.

Another dangerous move of the Gyan Sangam is to fix interest rate of the credit according to the risk involved. There is an open call to remove the cap of the interest on agriculture credit for small and marginal farmers. This is done with a view to fixing the interest rate of unsecured loan like education loan and agriculture loan at higher per cent and that of corporate loan at lower per cent. The idea is to discontinue the priority sector lending which will ultimately widen the gap between the wealthy and poor astronomically.

The Gyan sangam also suggests the need to shift from industry level agreements with unions on wage and recruitment to bank specific arrangements with emphasis on Management agenda. It is felt that the powerful enlightened trade union movement in the Banking industry with a commitment to protect the people oriented industry, has been the stumbling block for the people at the helm of the affairs to implement their dream of privatising PSBs. Further one is dismayed to note that RBI Governor wants the Government to re-look campus recruitment, currently banned because of a Supreme Court ruling. They also want hire and fire policy to be introduced in PSBs.

The various discussion papers of RBI have clearly opined that only nationalised Banks can serve the interest of the nation building and cater to the needs of the ordinary masses and when private banks have looted and plundered the money of the depositors without any obligation to the vast majority of the population.

The discussion paper of RBI released on August 11,2010 quotes as under: " The experience of the Reserve Bank over these 17 years has been that banks promoted by individuals, though banking professionals, either failed or merged with other banks or had muted growth."

The RBI discussion paper dated August 27, 2013 reads as under: " The predominance of Government owned banks in India has contributed to financial stability in the country. Experience has shown that even deterioration of Bank financials does not lead to erosion of consumer confidence in such Banks. This kind of consumer confidence does not extend to private sector Banks."

"Further as demonstrated in the recent global financial crisis, public ownership has positive implications for financial stability as deposits migrated from the private sector banks to public sector banks. Thus even at the height of the recent global financial crisis, retail deposits in India did not desert Banks. This was in contrast to the Banks in advanced economies where there was a liquidity crisis due to deposit run,as a result of which there was need for blanket extension of deposit insurance across Europe..."

But still, the Gyan Sangam proposes privatisation of PSBs. Then logically a question arises in the minds of democratic minded persons as to whose interest the Government at the Centre and top echelons of PSBs serve?

Already the bill to privatise Regional Rural Banks has been passed in the Lok Sabha in December 2014. Serious attempts have been made by the Central Government to cripple 93,000 primary agriculture societies which have been extending rural credit and are directed to perform as business correspondents of Central Co-operative Banks. It is vividly clear that if the over-all idea of Gyan Sangam is allowed to be implemented without any check, it will be harmful to the interests of the people of India.

With best wishes to all our Members and their family members for living a life filled with health and happiness for all the days ahead.

With warm greetings.

Yours sincerely,

6th February, 2015
Bangalore

(K B Ballur)
General Secretary

CBROA ACTIVITIES

With our endeavour to reach out to our members and non members and to keep them informed of the developments in the bank and industry and to listen to their grievances and redress them or take up the same with appropriate authorities, we organize meetings across the country, where our retired officers have settled down. This has enabled our members not only to come out with suggestions, but also inculcated a spirit of camaraderie and bonhomie. Large number of members and non members attending the meetings shows ability of CBROA to become the focal point of retirees of Canara Bank.

Sl No	Date	Place
1	07.12.2014	VISHAKAPATNAM General Meeting of Local Members
2	18.12.2014	GULBURGA
3	19.12.2014	BIJAPUR
4	20.12.2014	SOLAPUR
5	03.01.2015	MANGALORE
6	03.01.2015	UDUPI
7	01.02.2015	BANGALORE

Members meeting at Mangaluru & Udupi on 3/1/15:
CBROA members meetings were held in Mangaluru city (Morning) and Udupi city (Afternoon) on 03.01.2015. Large number of retirees attended both the meetings. Both the meetings were addressed by President Shri. A G Kulkarni and CC member Shri. R Vasudeva Rao. Our members who have attained the age of 75+ were honoured in both the meetings. This gesture of honouring elders was appreciated by everyone who attended the meeting .

A MAMMOTH MEETING OF MEMBERS HELD AT BANGALORE ON 01.02.2015
A Meeting of General Members was held at Bangalore at Canara Bank Head Office Auditorium on 01.02.2015. The Meeting was attended by more than 350 members. 34 Members of our Association who have attained the age of 75+ years were felicitated on the occasion. The Meeting was presided over by Sri. Arun Kumar S Rao, former General Manager of our Bank and Executive Director, Bank of Maharashtra. Sri. A N Krishnamurthy, Chairman,

CBOA and Secretary, AIBOC (Karnataka) was the guest of honour. Sri. A N Krishnamurthy, deliberated at length on the various developments connected with the salary revision negotiations and the also the issues of pensioners/retirees pursued by AIBOC. He expressed the hope that the negotiations are likely to be concluded by the end of February, 2015. Our General Secretary explained the various issues of the pensioners and the efforts made by AIBPARC in finding redressal/solutions to the issues. Many of the Honoured Members became nostalgic and appreciated the good work being done by CBROA for the welfare of the retired Officers / Employees of our Bank.

Pt .Vinayak Torvi, the famous Hindustani classical vocalist rendered invocation song.

UFBU ACTIVITIES

TALKS HELD ON 03.02.2015. FAILED

IBA BACKTRACKS FROM ITS ASSURANCE
OFFERS A PALTRY 0.5% INCREASE
UFBU DECIDES TO REVIVE THE STRIKE PROGRAMMES
CALLS FOR 4 DAYS' STRIKE FROM 25th to 28th FEBRUARY 2015
INDEFINITE STRIKE FROM 16th MARCH 2015

We reproduce, hereunder, Circular No. UFBU/2015/45 dated 04.02.2015 of United Forum of Bank Unions.

QUOTE:

" In our earlier Circular No.UFBU/2015/44 dated 19-1-2015, we had informed that in the background of the assurance given by IBA towards expeditious wage settlement and considering the positive developments since last conciliation meeting held on 5th January 2015, UFBU had put on hold its call for 4 days' strike from 21st January 2015.

In this background another round of negotiations between IBA and UFBU was held in Mumbai.on, 3rd February 2015) Subsequent to a general reporting of the discussions held in the meetings of the three Sub-Committees on (i) Employees' service conditions, (ii) Officers' service conditions and (iii) revised medical reimbursement scheme, the important issue of further improvement in the wage increase offer came up for discussion. IBA sought the view of UFBU about revising its demand from 19.5% in order to arrive at a final deal. UFBU informed IBA that the wage increase offer needs to be substantially improved by IBA as assured and accordingly UFBU would negotiate further to reach a final accord. Quoting, once again, the strenuous financial performance of various Banks, IBA informed that the banks are not in a position to accept the demand of the UFBU. After prolonged discussions, IBA finally proposed to improve their offer from 12.5% to 13% and expected UFBU to scale down its demand.

Since the increase in offer of 0.5% by IBA was paltry, inadequate and not satisfactory, UFBU met thereafter and decided to revive the strike programmes as under:

9th February 2015 . Centralised Demonstrations at all centres
13 thFebruary 2015. Centralised Demonstrations at all centres
20 th February 2015. Badge Wearing & Demonstrations
23rdFebruary 2015 .Press Meet in all State capitals
24th February 2015.Centralised Demonstrations at all centres
25th to 28th February 2015
FOUR DAYS' ALL INDIA BANK STRIKE
2nd to 14th March 2015 Further preparatory programmes
16th March onwards.INDEFINITE STRIKE

Comrades, the sincere and persuasive efforts of UFBU to negotiate a reasonable and mutually acceptable wage increase are being misunderstood by the IBA and the Government as its weakness. With utmost patience, for the past two years, UFBU has been making its best efforts to settle the demands amicably. At every point of time, we have shown our flexibility. But unfortunately, it is not being reciprocated by the IBA.

When the entire workforce in the banking industry is making every effort to implement the various programmes of the Government including the recent Jan Dhan Yojana, when employees and officers are working under lot of stress and maximum difficulty due to manpower shortage and increased volume of work, it is regrettable that the Government is remaining a passive spectator without initiating any steps to find an amicable solution to the genuine expectations of bank employees for a better and reasonable wage revision.

UFBU has been once again pushed to the path of struggle. We call upon all our units and the entire membership to rise as one and plunge into action to implement the programmes successfully. State-level UFBU meetings should be held immediately to plan out the steps to be initiated for making all the programmes a total success.

Comrades March ahead with solidarity and unity -Let us exhibit clearly that our united movement brings Success and success alone.....

"WE SHALL FIGHT - WE SHALL FIGHT -TILL WE SUCCEED- WE SHALL FIGHT "(M V MURALI. Convenor) " Unquote

BANK UNIONS MEET JAYANTH SINHA, SEEK WAGE REVISION.

A section of Public Sector Bank employees' unions met Minister of State for Finance Mr.Jayanth Sinha to press for early wage revsion. The meeting took place two days after the unions had deferred their four day strike that was to begin on 21.01.2015 as Indian Banks' Association had assured that wage issue will be resolved by the first week of February, 2015.

CENTRE NOT FOR FIVE DAY WEEK FOR BANKS.

The Centre is not in favour of a five day working week for Banks in the country. The Centre has expressed its reservations about going in for a five-day working week fr banks to a sub-committe

set up by the Indian Banks' Association which is looking into the proposal, sources have told. Five day week is the norm for Banks in a large number of countries. The Centre feels that at atime when it is trying to expand the scope of financial inclusion by extending banking services to all un-banked rural areas, a five-day week will not be helpful, the source pointed out. The IBA had told the Unions that it was not against the five-day week in principle, but it needed to get the Centre's approval.(Source : BL dt.21.01.2015).

Negotiate, don't agitate: IBA to unions

The Association says 17.5% hike in the previous settlement was an exception

In the ongoing tug-of-war between unions and bank managements on the issue of wage revision, the Indian Banks' Association has weighed in saying that the previous bipartite wage settlement was an exception as compared to earlier settlements and cannot be quoted as precedent.

Wage issues

This observation by IBA, which is the representative body of banks, comes in the backdrop of the 10th bipartite wage settlement in the banking sector being delayed for more than two years and unions, representing the interests of about 10 lakh employees, deciding to intensify their agitation for a wage hike.

According to the unions' game plan, bank employees will not report to work for five days - January 7, and January 21 to 24 - next month to press their demand for a wage hike. If bank managements do not settle the issue of wage revision in January-February then the unions have threatened to go on an indefinite strike from mid-March.

While bank managements are willing to offer 11 per cent wage hike, the expectation of the unions is for a 25 per cent (negotiable to 23 per cent) wage hike.

In the previous (9th) bipartite wage settlement, covering 2007-2012, an average wage hike of around 17.5 per cent was given.

Abberation

Pointing out that in the past seventh and eighth bipartite settlements, the wage increase was between 10 per cent and 13 per cent, the IBA, in a statement quoting its Chief Executive MV Tanksale, said, "The ninth bipartite settlement was an exception…

"In the current wage settlement, a hike of 11 per cent on salary and allowances has been offered, based on the paying capacity of all the banks, lower profitability, higher requirements for provisions and further capital requirement under Basel-III, translating into 12.5 per cent on the balance sheet cost. This too is unaffordable to some of the banks."

Back to the table

The Association said the issues regarding wage negotiation deliberated in the Negotiating Committee of the IBA were further discussed in a larger forum - Managing Committee of IBA - and the Chairmen of all the banks felt the demand for 23 per cent increase made by the Unions/Associations is unaffordable, illogical, exorbitant and irrational.

While IBA has appealed to the Unions/Associations to give up the agitation and return to negotiations to resolve the wage revision issue, unions don't seem to be in a mood to relent.

Vishwas Utagi, General Secretary, Maharashtra State Bank Employees Federation, said bank managements are stonewalling employees' demands for a wage hike by citing profitability constraints, the need to shore up capital for meeting the new Basel regulatory standard, and the provisioning burden.

"Bank employees are not responsible for the bad loans that have accumulated in the banking system.

In fact, they have helped banks grow their business and profitability. So, there is no reason why bank managements should deny our demands," he said.

Canara Bank News:

Performance Highlights - Quarter -3, Ending 31st DECEMBER 2014:

- Net profit at Rs.656 crore, up by 60.3%.
- Total Business at Rs. 7.75 lakh crore, up by 11.2% y-o-y.
- Total Deposits at Rs.4.62 lakh crore, up by 13.1% y-o-y.
- Advances (net) at Rs.3.12 lakh crore, moderated growth rate at 8.5% y-o-y.
- Gross NPA Ratio at 3.35% and net NPA Ratio at 2.42%.
- Record Cash Recovery during 9M FY15 at 4427 crore compared to 3135 crore last yearl
- Recovery from prudentially written off accounts in 9MFY15 at 1203 crore (16.29% of outstanding amount). Upgradation during 9M was at 1574 crore
- Net Interest Margin (NIM) (Domestic) increased to 2.36% and NIM (Global) at 2.24%.
- 1091 branches and 3056 ATMs added y-o-y and 893 branches and 1287 ATMs during the 9MFY15, taking the total to 5648 branches and 7599 ATMs.
- The Bank's CASA deposits to domestic deposits stood at 24.05%. The Bank's CASA deposits increased to 105019 crore as at December 2014 compared to 94465 crore as at December 2013, registering a y-o-y growth of 11.2%.
- The Bank's clientele base increased to 6.32 crore, comprising 5.61 crore under deposit and 71 lakh under borrowal accounts. About 93 lakh clientele added during the year.
- While Business per Employee stood at 13.78 crore, Business per Branch was at 137.17 Capital Adequacy Ratio as per Basel III norms stood at 9.87% (as against mandatory requirement of 9%).
- Reflecting continuing stress scenario at the industry level, the Bank's gross NPA stood at 10574 crore, with a gross NPA ratio of 3.35% compared to 2.79% last year.
- Net NPA stood at 7556 crore, with a net NPA ratio of 2.42% compared to 2.39% last year.

Goals for FY -2015

- Aims to reach an aggregate business figure of 8 lakh crore. rupee symbol download, indian currency symbol
- The Bank has received approval from the banking regulators of Tanzania for establishing a Subsidiary at Dar-es-Salaam. The Bank has plans to open branches/offices in various other overseas centres in the coming years, including, Dubai International Financial Centre (DIFC), Frankfurt (Germany), and Sao Paulo (Brazil).
- Thrust on Retail Business - CASA, retail deposits, retail credit, recovery, fee income and asset quality.
- Ongoing thrust on technology and business process reengineering.
- Thrust on improving operational financial ratios, such as, NIM, RoA, RoE and Cost-to-Income.

Canara Bank ED to hold additional charge of MD & CEO:

Canara Bank has informed BSE that its ED Sri V S Krishna Kumar will hold additional charge of MD & CEO of the bank for three months from the date of assumption of charge till the date of appointment of regular MD & CEO or until further orders, whichever is earlier. The previous C&MD Sri R K Dubey retired on September 30, 2104 on attaining the age of superannuation.

(BS dt. 02.01.2015 p.6)

Canara bank opens 700th ATM at Bengaluru:

V S Krishna Kumar MD & CEO of Canara Bank inaugurated the bank's 700th ATM at Bengaluru recently. The event had S. S. Bhat, CGM, Ravindra Bhandary, GM and M A Nayagam, GM apart from other officials. (Source: Times 10th January, 2015,)

Canara Bank bags award: (D Herald, 14th Jan, 2015,)

Canara Bank has bagged three awards at the annual flagship event 'MSME Banking Excellence Awards-2014' organized by Chamber of Indian Micro, Small & Medium Enterprises (CIMSME) at New Delhi recently. Canara Bank has been adjudged as the 'Best Bank Award-Winner' among other awards. R Madhusudan, General Manager, MSME Wing, HO and Hemant Kumar Tamata, General Manager, Delhi Circle received the awards from Kalraj Mishra, Union Minister for MSME, the bank said.

Canara Bank refuses to take over Amanath:

The Canara Bank on Friday submitted in the High Court of Karnataka that it wanted to withdraw from its earlier decision to take over the loss making Amanath Cooperative Bank. The counsel representing the Canara Bank submitted that the bank would suffer huge financial erosion and had therefore decided against the merger. Following the U-turn by the Canara bank, the High court pulled up the Bank counsel and questioned him why the bank is going back on its earlier stand. The

High Court further ordered the Chairman and Managing Director to be present in person during the next hearing. (Deccan Herald 10th January, 2014)

Pensioner friendly Canara Bank:

DOORSTEP BANKING SCHEME for PENSIONERS: Cir 692/14 Dt. 11.12.2014(Gist)

This facility is available to all Pensioners including ex employee Pensioners of our bank who are above 75 years of age.

Delivering monthly Pension at the doorsteps of Pensioner by debiting the Pension a/c of Pensioner.

Delivering the cash and / or Electronic Funds Transfer or Demand Draft in favour of Hospital for treatment of Pensioner or Spouse. There is no age restriction for this facility.

Minimum & maximum amount of delivery of cash to Pensioner on monthly basis shall be Rs. 5000/-& 50000/-respectively subject to the ceiling of Pension. Pensioner is required to execute an agreement in this respect wherein monthly amount to be specified.

Hospitalisation: If the payment is to be made in cash - maximum amount permitted is Rs. 50000/-. If it is by way of DD or Electronic mode of transfer of fund - there is no maximum limit; but it is restricted to availability of balance in SB.

For delivering the cash every month service providers' service can be utilised with prior permission from G A Wing, Head Office. For cities, M/S Radiant Technologies Ltd will be service provider. Cash is to be withdrawn by using debit slip & it is to be authorised for payment by Manager. The receipt obtained from Pensioner after delivering the cash is to be kept with Debit slip. For delivering cash/DD at Hospital, Bank staff services are to be utilised.

Services are available from Monday to Friday except on Bank Holidays.

For delivering cash at Doorstep Rs 50/-+ Service charges to be collected from Pensioner. In addition one time service charge of Rs 500/-to be collected. This can be waived by Manager.

At present this service is available in Bengaluru, Delhi, Chennai, and Mumbai & Mysuru.

DEVELOPMENTS OF INTEREST IN BANKING INDUSTRY

TAPPING PRIVATE SECTOR, YOUNGER TALENT FOR JOB AT GOVT.BANKS.

With three key Public Sector Banks still headless, the Government is hastening the process of appointments of their Mananing Directors. As part ofthe process, new advertisements will be issued wth varied appointment criteria. The candidate will be expected to have at least two to three years of remaining service. Applications from private sector will be invited as well. The Government will not compromise on the experience and insist the applicants have at least 10-15 years of Banking experience, with 4 years at upper Management. Currently, the Government appointed panel needs to fill posts of Mds in three category A Banks- Punjab National Bank, Bank of Baroda and Canara Bank. (Source: BS dt.19.01.2015)

IRDA MAY COME UP WITH FRESH BANCASSURANCE GUIDELINES.

Insurance Sector Regulator IRDA is evaluating fresh norms for Banks to act as intermediaries for insurers, following recent changes in law brought through an ordinance by the Government. IRDA norms currently put a cap of business an insurercan source from single broker within the same promoter group. Since the new ordinance puts banks and brokers in the same category, some amount of cap may also be extended to Banks as well, sources have said. Under existing Bancassurance guidelines, a bank can as act as a corporate agent and sell policy of only life insurer and one non-life insurance company. But, the new guidelines, will allow banks to act as brokers permitting them to sell insuran e policies of different insurance companies. (Source: FE dt. 19.01.2015)

WHY PRIVATE BANKS LAG ON THE JAN-DHAN FRONT.

While private sector banks have shown impressive performance on a host of parameters, such as net profit growth and better asset quality, their performan e with regard to the PMJDY has been far from impressive. One prive sector banker said, the areasallotted to them are not where thay currently do business or intend to do business anytime soon. "There are issues with distribution of territory to open these accounts," the banker said, adding, "this is not at par with penetration of bank's branches." Another private banker cited viability issues related to private sector banks notstepping on the gas with respect to the scheme. "The account's liability has tobe looked at. The operating cost and average balances are the conerns. It has to be also viable from other products' point of view as well. On a stand alone basis, it is difficult to make it sutainable," he said. Axccording to indications, this is brone out in the numbers putforth by the scheme Managers on the website.(Source:BL dt 19.01.2015)

FINANCE MINSTER TAKING STEPS TO KEEP JAN DHAN ACCOUNTS ACTIVE.

Though the PMJDY has successfully exceeded its financial inclusion target by opening 115 million Bank Accounts most of these are "zero balance." According to data released by yhe ministry, only 28 per cent ofthe accounts opened under the scheme are active, with about Rs.9,000 crore deposited in these accounts. The Ministry feels it is imperative to keep accounts opened under the scheme active. It has already pu in place various measures such as connecting the Direct Benefits Transfer (DBT) Scheme to these accounts. The

Department of Financial Services has decided to give Banks commission, to ensure these accounts are kept active. A circular to this effect has already been issued to Banks.

BANKERS SEEK OUT-OF-THE-BOX REFORMS, STEPS TO TACKNLE NPAs.

Bankers have amade a strong pitch for 'out-of-the-box' reforms in the financial structure if ec onomic growth has to pick up fast.The focus of the strategic round table discussion on 'Banking & Investment Reforms to Boost Economic Growth' at the Economic Tomes Global Business Summit was on how to resolve the rising bad loans, provideinvestment for long-term infrastructure projects and fund the unbanked segment. Mr.Hemant Kanoria,C &MD of Srei Infrstructure Finance, said resolution of bad loans or non-performing assets, requires certain surgery."In some case we need to replace the promoters and ways should be lokked at that how this can be done," he said. "An exclusive bank for infrastructure financing should be set up and mechanisms should be lokked at to align it with the surplus sovereign funds available with Gulf Nations," Mr.R Seethraman, Chief Executive of Doha Bank said. (Source : ET dt.19.01.2015)

HDFC BANK, SBI NOW AMONG THE TOP 50 MOST-VALUED GLOBAL BANKS

Two Indian Banks, HDFC Bank and SBI, now figure in a list of the top 50 global banks in terms of market capitalisation. HDFC Bank, India's second largest private lender in terms of asset size, ranks 45th, with a market capitalisation of US $39 billion, Bloomberg data show. With amarket capitalisation of US $ 38 billion, SBI is ranked 46th. ICICI Bank, ranked 53rd is the only other Indian entity to figure in the list of the 100 most valued global banks. The market capitalisation or value, ofan entity is calculated by multiplying the total number of its shares outstanding by its stock price. The huge leap in the rankings of Indian lenders is due to a sharp rally in their stocks in the past year. During this period shares of HDFC Bank gained 50 per cent, while those of SBI nearly doubled. ICICI Bank added about 70 per cent. (Source : BS dt.18.01.2015).

FOR BANKS, EDUCATION LOAN IS TESTING PORTFOLIO.

According to RBI data, the growth in education loans fell to 6.6 per cent in November,2014 from 8.3 per cent in the corrrsponding month of 2013. It grew by a meagre 4.6 per cent during March-November, 2014. For the Banking industry, outstanding education loans stood at Rs.62,800 crore as at end-November. It was s.58,900 crore a year ago(November 2013, and Rs.54,400 crore in November 2012. According to Bankers, the increase in education loan defaults due to diffuclty in getting jobs, especially after the economic crisis, has restricted lending to students. "It is a difficult sector as there are lot of delinquencies by students. There is no collateral required up to Rs.7.50 lakh. Hence, recovery is an issue," said a private sector bank Official. (Source: BL dt.20.01.2015)

CAP ON COLLATERAL-FREE EDUCATION LOANS MAY BE RAISED.

With rising cost of higher education causing anxiety to both parents and their wards, the Finanance Ministry and Banks are jointly weighing the possibility of raising the limit of collateral-free education loans. A proposal to hike the limit of collateral (or security)-free education loan from Rs.4 lakh to around Rs.7 lakh under the IBA'a model education loan scheme for pursuing higher education is under consideration. Bankers clued in to the deliberations on revamping the model education loan scheme say they will agree to the proposal on ly if the Government operationalises the Credit Guarantee Fund for Education Loans to cover possible defaults.(Source : BL dt. 29.01.2015).

DEFAULTER? NO VACANCY.

Some leading Private and Foreign Banks in the country have started checking scores of credit information companies such as Credit Information Bureau Ltd (CIBIL) as part of their pre-employment screening process. Private Sector lender Indusind Bank, foreign lenders DBS Bank and Standard Chartered and a mid-size private sector lender that did not want to be named, confirmed that they checked the CIBIL records before making job offer.

NEW REQUIREMENT.

- Banks now check credit history as part of pre-employment verification.
- Bad credit history can spoil the chances of getting a Bank job.
- Some Banks do it for select roles whereas some others do it across the board.
- This is a practice internationally followed and now has become part of the hiring process in India.
- Credit score gets hit if either you oryour co-borrower defaults on interest/principal or has not seetled a loan or credit card dues.

(Source : BS dt.21.01.2015)

3-YEAR BANK FIXED DEPOSITS MAY GET TAX EXEMPTION.

The Government may consider the demand of Banks to make fixed deposits for threeyears and more tax-free instead of the five-year lock-in period at present, providing these lenders a level platying field with mutual funds and tax-free bonds that have been weaning away a large chunk of investors. Indicating this possibility, Officials said Bank executives and heads of financial insitutions also requested Finance Minister Mr.Arun Jaitley in a pre-budget Meeting to consixder separate tax slabs for corporate entities on the lines of different tax slabs for individuals. "The view from the pre-budget meeting is that Fds of lower maturity should be considere for tax benefits," siad aperson present in the Meeting. Bankers say, this will discourage people from opting for other instruments like mutual funds, which have a lock-in period of three years.

SC upholds changes in Sarfaesi Act, banks free to decide NPAs

The supreme court dismissed the appeals filed by nearly 60 companies, upholding the amendment to the Securisation Act that gave power to every financial institution to decide a period after which a bad loan can be declared as a NPA. The promoters of nearly 60 companies had moved the Supreme Court questioning every financial institutions power to decide its own NPA period, saying it is a violation of right to equality. They had also challenged the RBI's competence to regulate all banking and NBFCs in this regard. A bench headed by Justice J Chelameswar, while dismissing the appeals, asked the distressed companies to pay 1% of their loan outstanding amount to the lenders as costs.

Notices to Centre, State on retired judges' plea

Two former judges on Thursday moved the High Court questioning the failure of the Union government to amend the High Court Judges (Salary and Conditions) Act to give pension benefit also to retired judges, who had served for less than seven years as judges of a High Court in terms of the 2014 verdict of the Supreme Court.

K. Jagannatha Shetty and T. Jayarama Chouta, both former judges of the High Court, in their petition also complained that the Karnataka government too failed to honour the direction of the apex court to evolve a scheme for retired judges on the lines of Andhra Pradesh.

Justice B.V. Nagarathna, before whom the petition came up for hearing, ordered issue of notices to both Union and State governments

Maharashtra's ex-legislators the best paid in India, reply to PIL shows

The payment given to former legislators in Maharashtra both from the legislative assembly and council, is the highest in the country, the state government said, in an affidavit submitted to the Bombay high court last week.

The pension to the 1,500 former members of the assembly and council (Rs 40,000 each) costs the state Rs 100 crore.

The parliamentary affairs department submitted a detailed affidavit providing a comparison between the pension and remuneration of legislators across the country in response to a public interest litigation that came up for hearing in the high court last week.

According to the affidavit, there have been more than six hikes in the payment between 2005 and 2013, taking it to Rs 40,000 from Rs 6,000.

The legislators with more than one term get Rs 2,000 a year, which is multiplied by the number of years they served, apart from the basic pension amount.

More over, recently a group of MLCs had demanded their pension be hiked even further. According to sources, the for- mer legislators have demanded another hike, as the last one was about one-and a-half year ago.

"They have demanded a hike, as every alternate year such a proposal gets passed in the budget session. This year, the government consent is unlikely in the wake of the drought-like situation in half of the state and the poor finances," said an officer in the state legislature, on condition of anonymity as he is not authorised to speak to the media.

The affidavit states the pension paid in other states is less than Maharashtra.

Of the eight states quoted, Karnataka is Rs 25,000, followed by Assam (Rs 20,000), Himachal Pradesh (Rs 22,000), Tamil Nadu (Rs 12,000), Uttar Pradesh (Rs 10,000), etc. The accumulation per additional year of the first term, too, does not exceed Rs 1,000 in any other state.

The hike, in August 2013, was initiated after the ex-members association met the chairman and speaker of the legislature.

Robbers fail to steal cash, escape with CCTVs from Panvel bank

Unidentified miscreants barged into a private sector bank in Panvel and decamped with four CCTV cameras and DVR machines, which store the video recordings.

The police suspect the accused could not manage to break open the safe where the cash and other valuables were kept.

The recently opened branch at Sai village on the Mumbai-Goa highway is to start operations from February 1.

According to the bank officials, there was only around Rs 10,000 in the safe, which was not taken.

"The robbers broke into the bank around midnight. We suspect that when they could not crack open the safe, they decamped with the CCTV cameras and DVR machines to avoid being identified," said Surendra Deshmukh, senior inspector, New Panvel police station.

"We are probing the case further and gangs that are unusually involved in such robberies are on our radar. We will soon arrest the culprits," he added.

BANK CANNOT BREAK INTO A FLAT IN CASE OF DEFAULT, RULES COURT:

The Bombay High Court has allowed proceedings against HDFC bank over allegations that it seized a flat in Mumbai by breaking open the locks after its owners defaulted on a loan. It has ordered a magistrate-ordered enquiry. The customer took a loan of Rs.8.5 laks to buy the flat in 2003. They have been initially paying the EMI regularly and after that there was default. They have also requested the Bank for restructure the payments but there was no reply. In 2008 the Bank pasted a notice on the flat under SUTFASI Act. The customers, who were staying away, visited the flat in 2010 and found the Bank had broken open the locks and sealed the property. They have lodged a complaint before the Magistrate and the same has been dismissed. The customers moved the High Court. The Bank argued that it was empowered under the Law and had the right to take possession. High Court did not agree. It said that whether offenses were committed in the process of taking possession of the said flat and if so, by whom, can be properly decided only after an investigation is carried out.

SC shuts reservation window for selection of top bankers But Approves SCST Quota Up To Scale-VI

The Supreme Court has ruled that there could be no quota for SC and ST employees for top posts in public sector banks but reservation for them was permissible in posts from scale-I till scale-VI.

A bench of Justice J Chelameswar and Justice A K Sikri held that though there was no provision for reservation in promotions in banks for officers from scale-I onwards but an office memorandum was issued by Department of Public Enterprises in November 2004 permitting quota up to scale-VI.

The bench inferred that "the policy of no reservation in the matter of promotion is applicable only from scale-VII and above. It, therefore, clearly follows that in so far as promotion from scale-I to scale-II, scale-II to scale-III, scale-III to scale-IV , scale-IV to scale-V , scale-V to scale-VI are concerned, reservation is to be provided".

The bench said: "It is clarified that at present there is no provision for reservation in promotion by selection only in respect of those posts which carry an ultimate salary of 5,700 per month (revised to 18,300 and 20,800 per month in respect of those public sector undertakings following IDA pattern). Qua (with regard to) appellant banks, that would be in respect of scale- VII and above. Therefore, to carry out promotions from scale-I upwards up to scale-VI, reservation in promotion in favour of SC ST employees has to be given."

The court passed the order on a bunch of appeals filed by banks challenging an order by the Madras high court directing them to provide reservation on the ground that there is no adequate representation of SC ST category officers in group-IV and above.

The apex court held that the high court in its 2009 verdict has gone by the lofty ideals enshrined in Articles 15 and 16 of the Constitution as well as the fact that in these banks there is no adequate representation of SC ST category of officers in group-IV and above. "That may be so. It can only provide justification for making a provision of this nature. However, in the absence of such a provision, same cannot be read by overstretching the language of office memorandum dated August 13, 1997," it said.

Clarifying its verdict, the bench said, it would have the effect of allowing the writ petitions with directions to the appellant banks to make provision for reservations while carrying out promotions from scale-I to scale-II and upward upto scale-VI.

Rs 15,000 crore remittance scam hits six banks

The Enforcement Directorate (ED) has unearthed a mega scam of fraudulent foreign remittances worth Rs 15,000 crore, involving a number of dubious importers. The scam involves importers depositing fake bills of entries (of imports) in banks and remittances are made to unknown people outside India.

"We are investigating the case under the Foreign Exchange Management Act (FEMA)," a top ED official told DNA

Six leading banks -- ICICI Bank, IndusInd Bank, ING Vysya, YES Bank, Kotak Mahindra Bank and Bank of India - were hit by the scam.

"Out of the Rs 15,000 crore of fake bill of entries, we have so far established around Rs 4,000 crore. We have asked banks to lodge FIRs against all these importers and the banks have agreed. The transaction happened from 2011 till May 2014," a senior ED official, who is investigating the case told dna.

Most banks chose not to respond to DNA's repeated queries.

What was the modus operandi?
As per ED sources, dubious importers submitted forged bills of entry and other import documents to banks with the intent to fraudulently remit foreign exchange. "Multiple duplicates of each bill of entry were made and submitted to different banks to show legitimate imports and to illegitimately remit huge foreign exchange outside India," said sources close to ED.

Who are the importers under ED's net?
Kanika Gems, Charbhuja Diamonds, Sambhav Exports, Keshav Impex, Pulkit Impex and Yogeshwar Diamonds, among others. "We are probing the importers' background and checking with banks if due diligence and KYC were done properly. These fake bills of import might have been used for gold smuggling," a senior official told dna.

Is black money involved here?
"By using these dubious entities, black money in the country is sent abroad, especially to tax havens like Mauritius, British Virgin Islands and Cayman Islands

without paying any tax, an Income-Tax official told dna. A couple of days back, a special team of ED officials searched a regional branch office of Uco Bank in Mumbai and Chandigarh and recorded the statements of top officials. So far, it has been found that no due diligence or KYC has been carried out in the advance remittance process of exports, said one ED official.

What's the total worth of fake bills?
ING Vysya Bank has made 735 fake import remittances worth $264.3 million while Kotak Mahindra Bank made 734 fake remittances worth $187.9 million. dna has copies of fake entries made in banks. IndusInd Bank made 275 fake entries worth $88.2 million, and ICICI Bank reported 91 worth around $36.4 million.

Are bank officials also involved in the fraud?
Bank officials are already under ED scanner. "Banks are supposed to share details of suspicious transaction to FIU (Financial Intelligence Unit). But they (banks) have not done so. We are investigating if it is just negligence or part of conspiracy by bank officials," said ED.

What does ED suspect?
"Prima facie, there is clear negligence by some bank officials while dealing with these suspicious importers. We suspect collusion. Once we get strong evidences against these officials, the case details will be handed over to the Central Bureau of Investigation (CBI) for further action," the source said.

What's the ED advice to banks?
Faced with a surge in trade-based money laundering and hawala scams, especially in Mumbai, Delhi and Gujarat, the ED had alerted banks and asked them to be more vigilant while transferring large funds, as reported by DNA on November 20, 2014. The directorate had asked banks to plug loopholes and check the growing menace in a meeting attended by top compliance officers and Money Laundering Reporting Officers of banks.

Govt splits chairman & MD posts, names chiefs for four PSU banks

In new appointments of PSBs other than State Bank of India, the Chairman will be a part-time board member who would preside over the board meetings and will not be an Executive Chairman

In line with the best corporate governance practice, the government has separated the post of Chairman and Managing Director/CEO of public sector banks (PSB).

“Henceforward, in the new appointments of PSBs other than State Bank of India, the chairman will be a part-time board member who would preside over the board meetings and will not be an Executive Chairman. The procedure for selection of part-time Chairman would be announced shortly,” said a finance ministry statement.

Many private sector banks have already separated the posts of chairman and MD/CEO. As early as in 2004-05, the RBI had set up a panel, led by AS Ganguly, to look into separation of the post of Chairman and Managing director/CEO in banks. The panel then suggested the separation for better corporate governance, following which in 2007, private sector banks implemented it.

Pointing out that due to concentration of powers with CMDs, they tend to dominate board proceedings, the RBI had earlier asked the finance ministry to look into the issue so that the board could be empowered to take independent decisions. The call for separation grew louder with the arrest of Syndicate Bank CMD Jain in August in a bribery case.

The government also appointed MD & CEOs of PSBs, including Indian Overseas Bank (IOB), Oriental Bank of Commerce (OBC), Vijaya Bank and United Bank of India (UBI).

While R Koteeswaran, Executive Director (ED), Bank of India (BOI), has been appointed as MD & CEO of IOB, Animesh Chauhan, ED (BOI), will head OBC. Kishore Kumar Sansi, who is currently ED (Punjab and Sind Bank) will be the new MD and CEO of Vijaya Bank, while P Srinivas, the present ED of Bank of Baroda (BOB) will be MD & CEO of UBI. The appointments will be for three years or till the date of superannuation, whichever is earlier, the statement said. The appointments were based on the recommendations of Appointments Board chaired by the RBI governor and the Department of Financial Services, ministry of finance.

However, the government did not name a replacement for Syndicate bank CMD SK Jain. “The appointment in Syndicate Bank is still under consideration and would be decided very shortly,” the statement said.

It also said for three large banks — BoB, Punjab National Bank and Canara Bank — the government has decided to go in for a fresh selection procedure with a view to widen the search of candidates. The procedure for this would be announced shortly, the statement said.

The government has not found suitable candidates to head these banks, sources said, adding that private sector candidates will not be ruled out.

The top post in Canara Bank and PNB is vacant since October 2014, while BoB has been without a chief since July 31 2014.

The Men Who Owe the Banks the Big Bucks
Finance Minister Arun Jaitley's terming of the bad assets in the banking system as “unacceptable” and the promise of more autonomy for public sector banks to “run business with a commercial mindset” couldn't be more timely. In March 2013, 400 companies owed a total of Rs 70,3000 crore to the public sector banks, as per the All-India Bank Employees' Association (AIBEA). In March 2014, the figure had touched Rs 85,000 crore.

In early 2014, the association launched a campaign to flame and shame the defaulters in the hope of getting the money back, and put out a list of the top 50 bank loan defaulters who alone owed the banks Rs 40,528 crore.

Kingfisher Airlines topped the list with an unpaid debt of Rs 2,673 crore. At 50th place was Sujana Universal Industries, with a debt of Rs 330 crore.

One year later, CH Venkatachalam, secretary-general of AIBEA, says only a handful of wilful defaulters has paid up. Stressed advances—which are defined as gross non-performing assets plus restructured standard advances—of the public sector banks rose from 12 per cent of their total advances in March 2014 to 12.9 per cent by September 2014.

Today, Kingfisher's Mallya continues to top the charts, with accumulated debts of over Rs 6,920 crore, mainly borrowed from state-owned banks.

Here, we profile eight of the country's top defaulters, with details of how much they owe the banks and the status of their defaults. The Sunday Standard has collated the following information from the AIBEA list where the defaulters continue to remain more or less the same. Information was also gathered from the various companies' latest uploaded annual report on the Bombay Stock Exchange. Other particulars of quarterly/yearly performance have been taken from the information filed by the companies with BSE. Under the mandatory disclosure agreement, all listed companies on both the NSE and the BSE are required to submit documents related to the company. These include the annual reports, quarterly performance, shareholding pattern and clarification sought by the exchanges within stipulated time periods.

Vijay Mallya Chairman, United Breweries Holdings Limited, Default Amount: Rs 6,920 crore

The liquor baron from Bangalore has made it to the top of the list of biggest defaulters in India for many years now. Mallya and his failed venture Kingfisher Airlines, which met its end on December 31, 2014, has liabilities of over Rs 1,26,000 crore. Mallya was named the biggest defaulter in India as he has accumulated debts of over Rs 6,920 crore, mainly borrowed from state owned banks. Mallya and three directors of his company have also been named 'wilful defaulters' by the state-run United Bank of India. His company owes unsecured creditors, airport and tax authorities, oil companies and aircraft lessors, among others. Mallya has not paid salaries to his employees for over two years now.

K Raghavendra Rao Founder-CMD, Orchid Chemicals & Pharmaceuticals, Default Amount: Rs 938 crore

Rao is a first-generation entrepreneur who established Orchid as a 100 per cent, export-oriented unit specialising in medicines, in 1992. He was conferred a Padma Shri in 2011. When the company went public, it was over-subscribed 18 times. Orchid has a current capacity of over 1,000 MTs and matching dosage form capacities. With a turnover of Rs 1,900 crore, the company reported a profit of Rs 272 crore in the quarter ending September 30, 2014, after a loss of Rs 200.34 crore in the year ago period.

The company has defaulted on loans to the tune of Rs 938 crore, according to AIBEA. That's not all. As of September 30, 2013, the company also has dues of Rs 591.96 lakh (Central Excise 2004-13), Rs 65.57 lakh (Service tax 2006-07) and Rs 2,464.16 lakh (Income tax 2010-11) that have not been deposited on account of disputes.

L Madhusudan Rao Executive Chairman, Lanco Infratech, Default Amount: Rs 533 crore

The company reported net losses of Rs 2,274 crore for 2013-14 up from a loss of Rs 1,073 crore the previous year. According to information provided by All-India Bank Employees' Association, Lanco owes Rs 533 crore in loans to nationalised banks (not counting SBI). As of March 31, 2014, the company has given corporate guarantees of Rs 13,618.21 crore to financial Institutions.

Deepak Puri Chairman & Managing Director, Moser Baer, Default Amount: Rs 581 crore

The New Delhi-headquartered technology manufacturing company was established in 1983 by the incumbent chairman Deepak Suri. The company has over 8,000 employees and three manufacturing facilities. According to the company, it had dues to the tune of Rs 74,450,748 payable to banks as of March 17, 2013. According to the AIBEA list, the company has defaulted to the tune of Rs 581 crore. For the quarter ended June 31, 2014, the company's net losses had widened to Rs 189.20 crore up from Rs 98.50 crore registered in the previous year. The total accumulated losses stood at Rs 728.74 crore.

Nitin S Kasliwal Chairman, S Kumars Nationwide, Default Amount: Rs 1,692 crore

One of the better known and advertised textile brands in India, S Kumars Nationwide has dues of over Rs 1,692 crore with the nationalised banks. The promoter Nitin Kasliwal has been spearheading SKNL since 1990. The company has brands such as Reid & Taylor in its portfolio. According to the annual report of 2013, the dues outstanding to tax authorities which have not been paid on account of disputes amounts to Rs 544.06 lakh.

Jatin Mehta Promoter, Winsome Diamonds. Default Amount: Rs 2,660 crore

Starting out with the desire to 'corporatise the diamond industry', Jatin R Mehta promoted Winsome Diamonds in 1985. His was the first company in precious stones and metals to come out with a public issue in 1986. But the company now has defaults of over Rs 3156.62 crore at a consortium of 11 PSU banks. According to Winsome Diamonds' annual report 2013-14, however, the company has a total default of Rs 42,588,231,950. Winsome has defaulted to the tune of Rs 2,660 crore and its associate company Forever Precious Jewellery and Diamonds to the tune of Rs 1,254 crore. The company has closed its Goa unit due to non-supply of raw materials caused by the severe financial crisis in December 2014. The company, in a filing to the BSE, said all credit had been exhausted and banks had classified the company as a defaulter.

Mukesh Bhandari Chairman, Electrotherm India, Default Amount: Rs 2,211 crore

A metal melting industry player since 1983, this company holds a 2,500,000-kW market share in the global metal melting market. The company has a total debt of Rs 2,211 crore to nationalised banks (non SBI group and non private banks). According to the company annual report 2013-14, Electrotherm has outstanding dues of Rs 368.91 crore to various tax authorities which have not been deposited on account of tax disputes.

Nitin Sandesara CMD, Sterling Biotech, Default Amount: Rs 1,732 crore

The pharmaceutical company has defaulted on the repayment of its dues to financial institutions. The amount outstanding and overdue for less than 60 days is Rs 216.64 crore and for more than 60 days is Rs 2,017.68 crore, according to the company annual report of 2013. According to the AIBEA list, however, the company owes Rs 1,732 crore to the nationalised banks.

Setback for banks in recovering KFA loans.

DRT, Bengaluru has accepted the service tax application to be a party to the consortium of banks from defunct KFA. This means the revenue department will have the right to collect its dues along with banks and other financial institutions.

RBI Wields the Stick on Loan Defaulters with New Norms

As part of its efforts to reduce bad loans and plug escape routes for willful defaulters, the Reserve Bank of India (RBI) on Monday refined the definition of the so-called non-cooperative borrowers, making it tougher for such borrowers as also pushing lenders with a penal caution to ensure faster reporting.

“As per the new definition, a non-cooperative borrower is one who does not engage constructively with his lender by defaulting in timely payment of dues while having ability to pay, thwarting lenders' efforts for recovery of their dues by not providing necessary information sought, denying access to assets financed/ collateral securities, obstructing sale of securities,” the central bank said.

“In effect, a non-cooperative cooperative borrower is a defaulter who deliberately stonewalls legitimate efforts of the lenders to recover their dues."

Any fresh exposure to such a borrower would mean higher risk and hence necessitating higher level of provisioning. Hence, banks and financial institutions would have to make higher provisions that may be the same as that for sub-standard assets for any new loans that such borrowers or to any other company any of its board member on its board or any company in which any such non-cooperative borrower is in charge of management. Yet such loans will still be classified as standard assets on a bank's books, the RBI said.

“The revised RBI norms will help redress stressed assets much faster," said a top banker. “The apex bank is pushing both the lenders as well as borrowers, making it costlier for both the sides to ignore any bad debt that may be evolving,” he added.

The RBI is ensuring that a concerned lender will have to report to Central Repository of Information on Large Credits (CRILC) to ensure the risk doesn't spread to the rest of the system. Not reporting to CRILC could attract penalties from the RBI.

The RBI has specified a non-cooperative borrower would be one that has fund-based and non-fund based facilities of `5 crore or more, and would include the company, its promoters, and directors but would exclude independent directors and directors nominated by the government and lenders.

Providing safeguards, the RBI said a lender may decide a non-cooperative borrower on recommendation of a bank's executive director along with two other senior officials. The bank's chief executive and two independent directors may decide on any appeal by such borrowers.

Forensic audits help Banks blow the lid off frauds

A Kolkata based company claimed unable to repay loan amount around Rs 2500 crore to a consortium of public sector banks claiming it suffered a loss of around Rs 1000 crore because its vendors took it for a ride. The concerned banks hired a corporate investigator who on investigating found the vendors were owner's relatives and money was siphoned off. This was a clear case of fraud

Govt banks' NPA write-off double in 3 years.

The amount of bad loans written off or restructured by public sector banks has more than doubled in past three years ending March 2014 to Rs 42,447 crores. This is attributed to slow down in economy.

Email ID Hacked: Rs 1.13 Crore Withdrawn from NRI's Account

A Canada-based NRI has lost Rs 1.13 crore from his account with a bank in Manipal after hackers made their way into his e-mail account and got the money transferred to two of their accounts overseas, according to a complaint lodged with the police.

The fraud was committed after hackers made their way into the NRI's personal e-mail ID and sent mails to the Manipal Branch of Syndicate Bank asking for transfer of the money from his Foreign Currency Non Resident Account (FCNR), police said.

Failing to rob bank, thief leaves note for manager

Apparently bitten by poverty, an amateur thief broke into a bank in Noida's Sector 6 late Sunday night, but his maiden crime bid turned out to be unsuccessful as he failed to locate the strongroom and the vault.

However, he left an emotional letter for the bank manager, saying that he was forced to take to crime so as to feed his family as he has been sacked from his job in a private company.

"I lost my job in a private company. I have a family and children. It is very difficult to maintain family due to price rise and inflation. This was my first attempt to rob the bank and I failed," the thief confessed in his letter.

Police said that the thief broke into the Sector 6 branch of the Canara Bank, situated in front of the Noida Authority office, armed with sophisticated tools and instruments; it seemed that he had searched the bank premises but failed to locate the strongroom and the safe.

Vijay Dhul, circle officer (City I), said that the bank officials found the door locks broken when they came for duty on Monday morning, and then informed the cops.

"We found that the locks were broken. We searched the strongroom and found that it was untouched and money was safe. The thief did not damage any computer or stole any valuables," he said, adding that forensic experts also chipped in to help in the probe.

However, he left behind two bags full of tools and iron rod cutters in the bank. As the bank premise was being renovated, the CCTV cameras installed were not functional, the cops said. A case has been registered in Sector 20 police station. But, no arrest has yet been made.

LEGAL ISSUES

Cheque bounce can be filed in jurisdiction of Drawee bank, says Bombay High Court

In a significant judgment, the Bombay high court has ruled that in cheque bounce cases, only the drawee bank's jurisdiction could be considered during criminal proceedings under Section 138 of Negotiable Instruments (NI) Act, 1881, even as the Real Time Gross Settlement (RTGS) system facility enabled citizens to draw/pay cheques at any branches all over the country.

In a significant judgment, the Bombay high court has ruled that in cheque bounce cases, only the drawee bank's jurisdiction could be considered during criminal proceedings under Section 138 of Negotiable Instruments (NI) Act, 1881, even as the Real Time Gross Settlement (RTGS) system facility enabled citizens to draw/pay cheques at any branches all over the country.

Justice SB Shukre of the Nagpur bench of the HC observed: "There can be only one drawee bank and not several. When the RTGS cheques bear an endorsement payable at all our branches', it only means 'payment instructions expedited' enabling receipt thereof immediately."

The HC was hearing a petition filed by one Sangita Shah against one Sukrant Shah. The judicial magistrate first class, Nagpur, had returned her complaint against Sukrant on November 3, 2014. Following this, she had filed a writ petition in the HC.

While dismissing Shah's petition, the judge made it clear that there is a difference between 'processing of cheque for payment', and 'giving approval to the processing branch' for the payment. "The branch which processes the cheque and obtains approval for payment from the original branch where funds are actually parked, can only be called as the facilitator. It can't be termed as the 'drawee' under Section 7 of the NI Act," observed the HC.

Nagpur-based Sangita had lodged a complaint against her father-in-law, who is based in Jamshedpur, for dishonouring a Rs2.25 crore cheque. She filed a complaint with the Nagpur magistrate under the NI Act stating that since RTGS system is in existence, the criminal proceedings should be conducted in Nagpur. However, the JMFC rejected the complaint and returned the same saying that she should file it in Jamshedpur where the bank, which had bounced the cheque, was located.

She challenged this before the HC through advocate AP Raghute contending that the concept of the 'drawee bank' was enlarged after RTGS wherein payments are made at any of the branches of the same bank, across the country. Therefore, all bank branches, for offences under the NI Act, can act as the 'drawee bank'.

Sukrant's advocate, Rajendra Daga, argued that RTGS is only for expediting payment and that doesn't expand the concept of 'drawee bank'.

Justice Shukre cited RBI guidelines and observed that RTGS is meant for facilitating speedy payment by reducing the time for processing cheques and it has got nothing to do with the 'drawee bank'.

He said: "In conventional processing, considerable time is spent on obtaining instructions from the branch on which cheque is drawn. RTGS saves this by resorting to the modern technology which has, through web-world or Internet, made it possible to quickly access information including those contained in accounts."

The judge said the RBI has made it clear that 'Real Time' is the time taken for processing of instructions after they are received while 'Gross Settlement' means the settlement of funds transfer instructions which occurs individually.

"The cheques are immediately processed by the branch to which they are presented because of the fact that funds are to be settled only in the RBI books. What is contemplated under RTGS is only transfer of funds by the 'drawee bank' to other branches which received the cheques. It means that dishonouring of cheque takes place because of failure or refusal to transfer funds which takes place at the place where the 'drawee bank' is situated," added justice Shukre while dismissing the petition.

HEALTH TIPS

20 WAYS TO PROTECT YOUR BONES

You all know that Calcium, Vitamin D and exercise are essnetial for strong bones. But there are other ways to be pro-active about your bone health at any age. The likelihood of falling increases as you age, with 33 per cent of the 65+ suffering a fall each year.

Follow these tips to minimise the chances of a fall, and protect your bones:

1.SWEAR OFF CRASH DIETS.

They can deplete you of the nutrients and vitamin s your bones need. Plus being underweight increases your risk of breaking a bone.

2.KICK NICOTINE

Smoking robs bones of vital nutrients like calcium, reduces your bone mass.

3.GET YOUR VISION CHECKED

Make sure you are seeing clearly so you can see where you are going.

4.LIGHT UP.

Always turn on lights before entering a room so you don't trip on anything unseen. Aslo keep a night light on. Give your eyes time to adjust when going between well lighted and dark areas.

5.TACK DOWN RUGS

Secure loose rugs with double faced tape or remove throw rugs from your home.Use non=slip mats for tub baths and showers.

6.KEEP YOIUR PHONE NEAR.

You won't need to rush to answer calls.

7.SHIELD YOUR EYES.

Wear sunglasses on bright days to prevent blinding glare.

8.PUT A BEEL ON YOUR PET.

Our cats and dogs are dear, but they can also cause falls and fractures. Make sure you hear them coming.

9.STASH STUFF SAFELY

Store necessities within easy reach. Never stand on furniture or counter tops to reach forsomething.

10.CLEAN UP SWIFTLY.

Swab spills and wet floors immediately.

11.DO A SHOE INTERVENTION.

Separate shoes that need re-soling and toss shoes that make you wobble. Keep slippers with grips on the sole by your bedside.

12.GET SUPPORT

If your balance is poor, don't be afraid to use a cane even if it is around house or to go up and down the stairs if there is no railing.

13.SLOW DOWN

Do one thing at a time so your focus doesn't scatter and trip you up.

14.EXERCISE WISELY.

Jogging is great for some, but it may not be right for you. Ask your doctor what activities you can safely do.

15.ANCHOR YOUR PURSE.

Wear your purse diagonally over your chest instead of on your shoulder, where it could slip off.The sudden movement could skew your balance.

16.LESSEN YOUR LOAD.

When lifting bags with handles, distribute the weight evenly and hold the bags as low as possible. Get help with grocery bags that can throw you off-balance.

17.STAY HANDS-FREE.

While walking, keep your hands free to balance yourself; no stuffing them in your pockets. Avoid fiddling with your cell phone or MP3 player, too.

18.TAKE CARE OF VITAMIN A.

Getting too much of the nutrient in the form of retinol-found in animal products like eggs and dairy-
may up your bone fracture risk.

19.REMEMBER THE 500 MG RULE.

That is about the maximum amount of Calcium (from food or supplements) your body can absorb at one time.

20.GET A DXA TEST.

Get your bone mineral test if you are 60+. The test is painless, requires no preparations and won't take more than half an hour. Find your risk for a fracture.

OBITURY

Sri. R S Deshpande ,Regional Secretary CBROA, Pune left for heaven leg abode on 21.12.2014

Sri. R S Deshpande, Regional Secretary CBROA EXPIRED ON 21.12.2014 AT Pune. Right from the date of his retirement

He was actively involved in the activities of our Association. Earlier he was Deputy General Secretary of CBOA.

His immense contribution in strengthening CBROA is cherished by us.

We also regret to inform the passing away of our beloved members and friends. While paying our humble homage to the Memory of the departed souls, we dip our banner in their honour. May the departed souls rest in eternal peace.

DONORS TO THE CAUSE OF CBROA

Sl no	Mem No	Staff No	NAME	Place
1	12	599	R G AHUJA	BANGALORE
2	604	898	M NARAYANA SHENOY	BANGALORE
3	3084	10334	R S DESHPANDE	PUNE
4	4234	17915	BAJI LAL	AGRA
5	4309	415	HUMAYUN I KASSIMI	VADODARA
6	2219	1061	V S KATRE	BANGALORE
7	2400	550	B G BALIGA	BANGALORE
8	469	968	H L D PAI	MANGALORE
9	1185	2586	P DINAKAR SHENOY	BANGALORE
10	2244	3796	R RAMASWAMY	CHENNAI
11		996	V G BALIGA Ex G M	BANGALORE
12	1315	11916	A R PATANKAR	AHMEDABAD
13	412	429	K R RAMAKRISHNA	TRISSUR

HONOURING OF MEMBERS WHO HAVE COMPLETED 75+ YEARS

NAME	STAFF NO	MEM NO	PLACE
SUBRAMANIAM T S	3926	298	TIRUNVELI
JOSEPH LOPEZ P	4230	1639	TIRUNVELI
SUBRAMANIAN AL	4193	2538	TRICHY
V KUBENDRAN	4489	692	TRICHY
N SWAMINATHAN	3745	237	CHENNAI
M RAMACHANDRAN	1320	678	CHENNAI
N S JYOTHIRAM	2537	2497	CHENNAI
M K MUZUMDAR	1845	390	KOLKATA
M N KULKARNI	1330	320	BIJAPUR
S G BANNAD	1263	2381	BIJAPUR
N S BARBADE	1461	2401	SOLAPUR
M GOPALKRISHNA PAI	846	583	MANAGLORE
B NARASINHA PRABHU	6361	735	MANAGLORE
S ABDUL RAHAMAN	2583	752	MANAGLORE
P N UPADHYAYA	1040	1679	MANAGLORE
M SUDHAKAR	1511	1683	MANAGLORE
U P NAYAK	1084	1895	MANAGLORE
G R NAYAK	1475	2229	MANAGLORE
P PUNDALIK NAYAK	1297	5214	MANAGLORE
Y BALACHANDRA SHASTRI	1593	1658	UDUPI
A MURARI RAO	2935	1682	UDUPI
K V RAO	2527	1757	UDUPI
M KRISHNA UDUPA	1551	2198	UDUPI
H NATESH NAYAK	2668	2686	UDUPI
K GOPALKRISHNA	1346	3984	UDUPI
V KESHAVA KAMATH	6300	5564	UDUPI
K SURENDRA NAYAK	4932	5218	UDUPI
Smt. NAGARATHNA G K	3394	608	BANGALORE
Smt.LEELAVATHI DEVI S G	4553	667	BANGALORE
Smt.MANORAMA L RAO	3403	690	BANGALORE
M DAYANANDA PRABHU	6186	1343	BANGALORE
P V SHENOY	1614	1960	BANGALORE
P MANJUNATH PAI	1447	2010	BANGALORE
K BHOJA SHETTY	1542	2534	BANGALORE
H D PAI	1504	2562	BANGALORE
P SADASHIVA RAO	2536	967	BANGALORE
M V KONETI RAO	482	1308	BANGALORE
P SHYAMSUNDER	5222	1835	BANGALORE
A R SRINIVASAN	2924	1949	BANGALORE
M KINI	1949	1765	BANGALORE
P H ACHARYA	1959	14	BANGALORE
S R VASANTHA KAMATH	1549	572	BANGALORE
V NAGARAJA RAO	4278	584	BANGALORE
ANANTHA PADMANABHA ADIGA	1902	593	BANGALORE
K BABANNA SHET	1617	606	BANGALORE
B G SHETTIGAR	2490	708	BANGALORE
H J DHANUSHYAM KAMATH	1616	745	BANGALORE
D G PRASAD	3476	994	BANGALORE
A KESHAVA MURTHY	2899	1003	BANGALORE
T N RAGHAVENDRA RAO	5039	1075	BANGALORE
K S SAMPATH KUMAR	1046	1157	BANGALORE
N MANJUNATHA ADIGA	1123	1189	BANGALORE
B S NAYAK	2933	1622	BANGALORE
B A RAGHUVEER	1259	1942	BANGALORE
K RAJAGOPALAN	3038	1999	BANGALORE
G S SHENOY	2650	2234	BANGALORE
M NARAYANA DEVADIGA	1787	2293	BANGALORE
S G KAMATH	6326	2477	BANGALORE
K RATNAKAR PRABHU	1145	4178	BANGALORE

DONORS TO THE CAUSE OF CBOA

#	MEM #	NAME	STAFF #	PLACE	AMOUNT
1	5155	K S MADLGI	25682	DHARWAR	10000
2	359	P ARAVINDA RAO	4866	BANGALORE	5000
3	1856	K PADMANABHA	3447	BANGALORE	1500
4	795	SAMPATH KUMAR M G	6753	BANGALORE	913
5	1670	S P POLEKAR	5277	MUMBAI	1101
6	1968	A G KULKARNI	10847	BANGALORE	1500
7	5031	VISHNU A PATIL	18282	BANGALORE	1000
8	1384	M K SHENOY	19195	BANGALORE	1501
9	1895	U P NAYAK	1084	MANGALORE	5001
10	5579	A N GANDHI	29952	BAGALKOT	2001
11	4670	S V NANJUNDA RAO	27907	BANGALORE	1000
12	1827	V H GANGUR	3469	BANGALORE	500
13	4719	V G HARDIKAR	15932	PUNE	100
14	4420	T C JAIN	11859	SURAT	300
15	1949	A R SRINIVAS	2924	BANGALORE	100
16	1942	B A RAGHUVEER	1259	BANGALORE	5000
17	1765	M M KINI	1949	BANGALORE	5000
18	1189	N MANJUNATHA ADIGA	1123	BANGALORE	5000
19	2916	CHIDAMBER JOSHI	8462	BANGALORE	5000
20	310	T G SHENOY	1011	BANGALORE	5000
21	1999	K RAJAGOPAL	1999	BANGALORE	3000
22	3107	T A BHAKARA MURTHY	9932	BANGALORE	2000
23	1753	N V VIJAYAGOPALAN	3202	BANGALORE	1000
24	3948	D N LAKSHNANA SWAMY	13525	BANGALORE	501
25	584	V NAGARAJA RAO	4278	BANGRLORE	501
26	254	K SRINIVASA RAO	739	BANGALORE	500
27	2002	S ARUN RAO	12216	BANGALORE	500

Increase in D.A. for pensioners w.e.f. Feb 2015 - 51 slabs more

D.A. Rates for Pensioners (%) – 51 Slabs More

Retired prior to 01-11-1992 - 1293 Slabs over 600 points

Upto 1250	1251-2000	2001-2130	Above 2130
866.31%	711.15%	426.69%	219.81%

After 01-11-1992 upto 31-03-1998 -1156 Slabs over 1148 points

Upto 2400	2401-3850	3851-4100	Above 4100
404.60%	335.24%	196.52%	104.04%

After 01-04-1998 upto 31-10-2002 - 1022 Slabs over 1684 points

Upto 3550	3551-5650	5651-6010	Above 6010
245.28%	204.40%	122.64%	61.32%

Retired on or after 1-11-2002 - 871 Slabs over 2288 points

For the entire Basic Pension Amount 156.78%

Retired on or after 1-11-2007 - 734 Slabs over 2836 points

For the entire Basic Pension Amount 110.1

WE REQUEST YOU TO BECOME A LIFE MEMBER – PLEASE CHECK WITH US FOR AMOUNT PAYABLE, WHICH WILL BE Rs 4500/- MINUS THE AMOUNT ALREADY PAID BY YOU. THIS WILL HELP US TO AVOID SENDING SUBSCRIPTION DUE NOTICE AND HELP US TO CONCENTRATE ON RENDERING MORE SERVICE TO OUR MEMBERS.

PLEASE FURNISH YOUR EMAIL ID FOR HASSLE FREE AND SPEEDY COMMUNICATION, QUOTING YOUR MEMBERSHIP NO. WHILE CORRESPONDING WITH US.

CHANGE OF ADDRESS, PHONE NO, MOBILE NO AND EMAIL ID.

KINDLY INFORM US CHANGE OF YOUR ADDRESS, PIN CODE, PHONE NO, MOBILE NO AND EMAIL ID. WE ARE RECEIVING BACK MANY LETTERS UNDELIVERED AS "LEFT","NOT KNOWN" ETC. WE UNDERSTAND THAT MANY NEW DELIVERY POST OFFICES HAVE COME UP OR EXISTING POST OFFICES TRUNCATED OR ATTACHED TO OTHER POST OFFICE. IT IS IMPORTANT TO GIVE CORRECT PIN CODE.

IMPORTANT INFORMATION.

WE POST ALL OUR COMMUNICATIONS, CIRCULARS ETC FROM HEAD POST OFFICES AT JAYANAGAR , BASVANAGUDI. ALL LETTERS BEAR COMPUTER TYPED ADDRESS PASTED WITH STICKERS. FOR NON DELIVERY OF MAIL, PLEASE TAKE UP WITH YOUR LOCAL POST OFFICE OR POSTMAN.

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Canara Bank Retired Officers' Association
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Bangalore - 560 011. Ph : 080-2664 0003
Fax : 080-2654 1655 Email : cbroablr@gmail.com

To,

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