AIBEA's Banking News

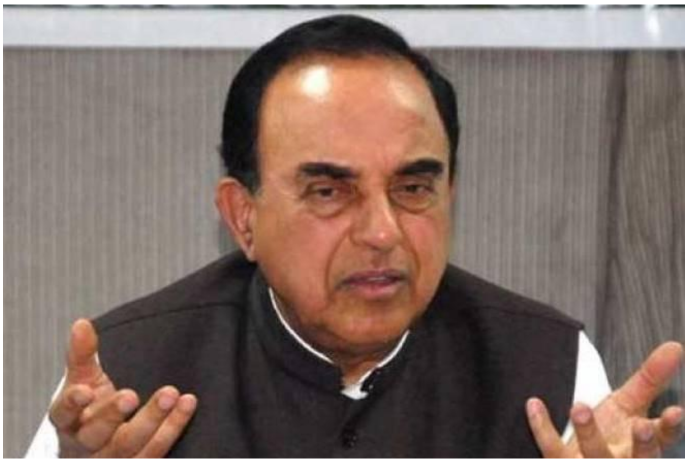
19, 20 SEPTEMBER 2017

NEWS BULLETIN FROM ALL INDIA BANK EMPLOYEES' ASSOCIATION

Subramanian Swamy says economy is heading for depression, claims warning govt last May

The Indian economy is heading for a "major depression" and it can "crash" soon if efforts are not put to revive it, BJP leader Subramanian Swamy has said.

: FE Online | September 18, 2017 **FINANCIAL EXPRESS**



The Indian economy is heading for a "major depression" and it can "crash" soon if efforts are not put to revive it, BJP leader Subramanian Swamy has said.

The Indian economy is heading for a "major depression" and it can "crash" soon if efforts are not put to revive it, BJP leader Subramanian Swamy has said. The Rajya Sabha MP claimed that a year and half ago, he had written a 16-page letter to Prime Minister Narendra Modi warning him about the economy which is in a "tailspin".

"Today, the economy is in a tailspin. Yes, it can crash. We need to do a lot of good things to revive the economy. Even a tailspin can be made to steady. If nothing is done, we are heading for a major depression. There will be mass scale… banks might collapse, factories might start closing," he said in an interview to CNN-News18 recently.

"Last May, I wrote to the Prime Minister a 16-page letter with stats from his own departments to show that there are five storm signals," he said.

Interestingly, former prime minister Manmohan Singh also hit out at the government once again on the GDP growth, saying hasty implementation of the GST and the withdrawal of 86 per cent of currency during the demonetisation exercise will further affect the GDP numbers.

The GDP for the first quarter (April-June) of financial year 2017-18 slumped to a three-year low at 5.7 per cent, far lower than 7.9 per cent recorded in the same quarter last year.

Subramanian Swamy also claimed that India's growth rate is much lower than what is being presented. He said, "It is lower than what is being told to you, and it is going to decline, according to what I call Samuelson-Swamy theory of index numbers, which tells you how to calculate the correct index numbers."

Subramanian Swamy suggested that to support the revival of the economy, it is important to enthuse the public with immediate change, which would be possible by abolishing the income tax. "Whatever you do, the public must see immediate change. I think first thing we should do is abolish the income tax. It's such an easy thing to do, but they haven't done it," he said.

According to Subramanian Swamy, it would give a huge boost to the savings rate; and that would mean the investment cycle would start.

He also suggested the bringing down the interest rates which will get the small and medium industries moving and further start the employment cycle. Along with that he also advocated raising interest rates on fixed deposits.

"You must bring down the interest rates to 9%, and raise the fixed deposit interest rate also to 9% to encourage savings. The rate of interest is an instrument that affects the small and medium industries," he Subramanian Swamy said.

“The big industries can borrow money abroad also. In the United States, you can borrow for 2%. While here, it being at 12%-18% is very cruel, and much of the damage from it has been to the small and medium industry, which produce bulk of the employment. The employment cycle must start, which can happen only if you get these small and medium industries moving, for which the cost of capital must come down,” he added.

Bank unions demand withdrawal of FRDI Bill from FM

In a representation submitted last week, they also demanded declaration of wilful default of bank loans as criminal offence.

New Delhi: THE ASIAN AGAE 18 9 2017

Bank unions have requested Finance Minister Arun Jaitley to withdraw the FRDI Bill as it proposes to empower authorities with sweeping powers to wind up public sector banks and insurance companies.

Already, there are many rules and legislations in place under the existing Acts that deal with winding up of financial institutions, United Forum of Bank Unions (UFBU) said in its representation to the finance minister.

The Financial Resolution and Deposit Insurance (FRDI) Bill, 2017, was tabled in the Lok Sabha last month. It was referred to the 30-member committee comprising members of both the Lok Sabha and the Rajya Sabha.

"The objective of this Bill is obviously to heavily empower the new authority with sweeping powers to dismantle and erase public sector financial institutions like banks and insurance companies and hence, it is apparently draconian. We demand the withdrawal of this Bill," it said.

UFBU is an umbrella organisation of all banks unions.

In a representation submitted last week, they also demanded declaration of wilful default of bank loans as criminal offence.

The RBI Act should be amended to provide for publication of the names of these defaulters, suggested **All India Bank Employees' Association** (AIBEA) General Secretary C H Venkatchalam.

"We also requested the finance minister that recommendations of the Parliamentary Committee be accepted and implemented to ensure better recovery of bad loans," he added.

Joint General Secretary of All India Bank Officers Confederation (AIBOC), another affiliate, said there was also demand for reimbursement of cost to banks during the demonetisation.

He felt that the banks should restore the reduction in interest rate on savings accounts.

"Common public should not be harassed by more service charges because of the loss of revenue due to loan default by big companies," he said.

SBI and many other banks have reduced rate of interest of savings deposits.

Banks' wilful defaults spike 45% in a year to cross Rs.1 lakh crore

18 September 2017

domain-b.com
we mean business

The number of wilful defaulters who have the resources to pay but refuse to do so is on the rise - local lenders have seen a nearly 45 per cent spike of Rs34,900 crore in wilful defaults from last year, reports The Indian Express, quoting a report by the TransUnion CIBIL, a credit information firm.

According to the report, the wilful defaults jumped to Rs.1,09,594 crore in March 2017 from Rs74,694 crore in the previous year.

Over the last five years, wilful defaults have risen by over Rs84,000 crore. In FY16, wilful defaulters rose 31 per cent while in 2015, it grew 47.5 per cent, according to the report.

The State Bank of India topped the default list with Rs15,069 crore stuck in 997 accounts. In FY17, this amount grew by Rs2,759 crore. Punjab National Bank and Bank of Baroda are next in the list with Rs10,989 and Rs4,785 crore worth defaults, respectively.

In SBI, the default account includes accounts of GET Engineering with default of Rs424 crore and Zenith Birla with Rs139 crore. PNB has put the accounts of Zoom Developers with Rs410 crore defaults, Forever Precious (Rs747 crore) and Winsom Diamond with Rs899 crore, on the default list.

On the other hand, wilful defaults with the Life Insurance Corp of India (LIC) reduced to Rs1,034 crore in March 2017 from Rs1,304 crore in the same period last year.

All India Bank Employees Association General Secretary C.H Venkatachalam told Indian Express that such wilful defaults should be declared a criminal offence and action must be taken against the defaulters.

''There has been a rise in wilful defaults. Banks categorise borrowers who have the capacity to repay or those who siphoned off funds as wilful defaulters. These are mostly legacy accounts,'' the senior official of a leading public sector bank told IE.

A wilful default is defined by the Reserve Bank of India as one where the borrower has defaulted in meeting its payment / repayment obligations to the lender when it has the capacity to honour these commitments. It also includes those that have siphoned off or not utilised funds for / from the specific purposes for which finance was availed of, and those that have disposed of or removed movable fixed assets or immovable property given for the purpose of securing a term loan.

Pandit Says 30% of Bank Jobs May Disappear in Next Five Years

By Chanyaporn Chanjaroen *September 13, 2017*

Bloomberg

Vikram Pandit, who ran Citigroup Inc. during the financial crisis, said developments in technology could see some 30 percent of banking jobs disappearing in the next five years.

Artificial intelligence and robotics reduce the need for staff in roles such as back-office functions, Pandit, 60, said Wednesday in an interview with Bloomberg Television's Haslinda Amin in Singapore. He's now chief executive officer of Orogen Group, an investment firm that he co-founded last year.

"Everything that happens with artificial intelligence, robotics and natural language -- all of that is going to make processes easier," said Pandit, who was Citigroup's chief executive officer from 2007 to 2012. "It's going to change the back office."

Wall Street's biggest firms are using technologies including machine learning and cloud computing to automate their operations, forcing many employees to adapt or find new positions. Bank of America Corp.'s Chief Operating Officer Tom Montag said in June the firm will keep cutting costs by finding more ways technology can replace people.

While Pandit's forecast for job losses is in step with one made by Citigroup last year, his timeline is more aggressive. In a March 2016 report, the lender estimated a 30 percent reduction between 2015 and 2025, mainly due to automation in retail banking. That would see full-time jobs drop by 770,000 in the U.S. and by about 1 million in Europe,

Citigroup said.

JPMorgan Chase & Co. CEO Jamie Dimon cautioned in June against overreacting to the impact of technology on jobs. While the bank is using technology to reduce costs, that helps create other opportunities, Dimon said in an interview published on LinkedIn. He predicted that employee numbers at his firm will continue to rise -- as it hires more technology workers.

The banking industry is becoming "enormously competitive," Pandit said, adding that he foresees the emergence of "specialist providers" as well as consolidation in the industry.

"I see a banking world going from large financial institutions to one that's a little bit more decentralized," he said.

Since leaving the firm, Pandit has invested in non-bank financial startups such as student-loan venture CommonBond Inc. and home equity finance firm Point Digital Finance Inc. He formed New York-based Orogen last year with investment firm Atairos Group to acquire stakes in mature financial-services companies

Robots Could Replace 30% of Bank Staff in 5 Years

FINANCIAL TRIBUNE
IRANIAN ENGLISH ECONOMIC DAILY

Thursday, September 14, 2017

Vikram Pandit, who ran Citigroup Inc. during the financial crisis, said developments in technology could see some 30% of banking jobs disappearing in the next five years.

Artificial intelligence and robotics reduce the need for staff in roles such as back-office functions, Pandit, 60, said Wednesday in an interview with Bloomberg Television in Singapore. He's now chief executive officer of Orogen Group, an investment firm that he co-founded last year.

"Everything that happens with artificial intelligence, robotics and natural language—all of that is going to make processes easier," said Pandit, who was Citigroup's chief executive officer from 2007 to 2012. "It's going to change the back office."

Wall Street's biggest firms are using technologies including machine learning and cloud computing to automate their operations, forcing many employees to adapt or find new positions. Bank of America Corp.'s Chief Operating Officer Tom Montag said in June the firm will keep cutting costs by finding more ways technology can replace people.

While Pandit's forecast for job losses is in step with one made by Citigroup last year, his timeline is more aggressive. In a March 2016 report, the lender estimated a 30% reduction between 2015 and 2025, mainly due to automation in retail banking. That would see full-time jobs drop by 770,000 in the US and by about one million in Europe, Citigroup said.

JPMorgan Chase & Co. CEO Jamie Dimon cautioned in June against overreacting to the impact of technology on jobs. While the bank is using technology to reduce costs, that helps create other opportunities, Dimon said in an interview published on LinkedIn. He predicted that employee numbers at his firm will continue to rise—as it hires more technology workers.

The banking industry is becoming "enormously competitive," Pandit said, adding that he foresees the emergence of "specialist providers" as well as consolidation in the industry.

"I see a banking world going from large financial institutions to one that's a little bit more decentralized," he said.

Since leaving the firm, Pandit has invested in non-bank financial startups such as student-loan venture CommonBond Inc. and home equity finance firm Point Digital Finance Inc. He formed New York-based Orogen last year with investment firm Atairos Group to acquire stakes in mature

Vijay Mallya assets: Rs 100-crore shares transferred to central govt

According to the ED complaint, Kingfisher Airlines allegedly "participated in criminal activities", which led to the "generation and acquisition" of Rs 900 crore, and was "involved with the concealment, possession, acquisition and use of the proceeds of (the) crime".

Khushboo Narayan | Mumbai | September 18, 2017 INDIAN EXPRESS

An email sent to the spokesperson of Mallya, seeking comment on the confiscation, did not elicit any response.

The Enforcement Directorate (ED) has started the process of confiscating the assets of Vijay Mallya, chairman of the now-defunct Kingfisher Airlines Ltd, which were attached by the agency under the Prevention of Money Laundering Act (PMLA), according to sources familiar with the development.

Sources said that the Stock Holding Corporation of India Ltd (SHCIL) has transferred the title and rights of shares worth Rs 100 crore of United Breweries Ltd (UBL), held directly and indirectly by Mallya, to the central government.

The process got underway after the ED wrote to SHCIL two months ago, directing the depository to transfer the title and rights of un-pledged shares of UBL, United Spirits Ltd (USL) and McDowell Holdings Ltd worth close to Rs 4,000 crore, held by Mallya and his associate firms, under section 9 of the PMLA.

The ED had provisionally attached these shares in September 2016 in connection with the loan default of over Rs 6,000 crore by Kingfisher Airlines. Subsequently, the provisional attachment was confirmed by the adjudicating authority of the agency.

The agency has attached 4 crore unpledged shares of UBL, 25.14 lakh shares of USL and 22 lakh shares of McDowell Holdings of Mallya, and some private companies allegedly linked to him. These firms include Devi Investment Pvt Ltd, Kingfisher Finvest India Ltd, Mallya Private Ltd, Pharma Trading Company, Vittal Investment Pvt Ltd, United Breweries Holdings Ltd, Kamsco Industries and The Gem Investment and Trading, said sources.

Under PMLA norms, when a trial cannot be conducted due to the death of an accused or if the accused has been declared a proclaimed offender, the special court can pass orders for confiscation of the property attached by ED.

According to section 9 of PMLA, after an order of confiscation, all the rights and title in such property "shall vest absolutely in the Central Government free from all encumbrances".

An email sent to the spokesperson of Mallya, seeking comment on the confiscation, did not elicit any response.

In February, a special court had confirmed the ED order to attach Rs 4,200-crore assets of Mallya and others, paving the way for their confiscation by the agency.

On June 14, the ED submitting a 5,000-page prosecution complaint in a Mumbai court on an alleged loan default of Rs 900 crore by Kingfisher. The complaint accused the airline and Mallya of having allegedly routed overseas over Rs 417 crore of the Rs 900 crore it secured as loan from IDBI Bank for aircraft rental leasing and operational expenses.

According to the ED complaint, Kingfisher Airlines allegedly "participated in criminal activities", which led to the "generation and acquisition" of Rs 900 crore, and was "involved with the concealment, possession, acquisition and use of the proceeds of (the) crime". It claimed that Mallya was allegedly an "active participant in the generation of proceeds of crime and the activity of money laundering" under the PMLA.

The agency, in its complaint, also claimed that Mallya allegedly hid assets of about Rs 1,760 crore through a dozen shell companies abroad.

The ED has also submitted the complaint with the Crown Prosecution Service in the UK, which is representing the Indian government in the extradition case of Mallya.

The judge has set December 4 as the start date for a final hearing in the extradition case. If the Chief Magistrate rules in the government's favour, the British Home Secretary will have to order Mallya's extradition within two months since the day of the judgment.

However, the case can go through a series of appeals before reaching its final conclusion. India and the UK signed an Extradition Treaty in 1992, which has been in force since November 1993.

In April, Mallya was arrested in Scotland Yard, and released after a few hours on conditional bail after paying 650,000 pounds.

Kingfisher owes over Rs 9,000 crore to 17 lenders, including the SBI, IDBI Bank, Punjab National Bank, Bank of India, Bank of Baroda, United Bank of India, Central Bank, UCO Bank, Corporation Bank, Indian Overseas Bank, Federal Bank, Punjab and Sind Bank, and Axis Bank, among others.

CVC to probe government employees deposits post demonetisation

BY PTI | SEP 17, 2017
THE ECONOMIC TIMES

NEW DELHI: Deposits of scrapped currency notes made by central government employees post demonetisation will be probed by anti-corruption watchdog Central Vigilance Commission (CVC), its chief K V Chowdary said today.

He said the commission has sought relevant data from income tax authorities in this regard.

Prime Minister Narendra Modi had on November 8 last year announced the scrapping of old Rs 500 and Rs 1,000 notes.

Citizens were provided a limited time window to deposit such notes in their bank accounts.

"We have already sought data (from the CBDT). We will get more refined data on which we will certainly proceed," Chowdary told in an interview.

The CBDT or Central Board of Direct Taxes is the apex policy-making body for the I-T department.

Chowdary said he had had discussions with tax authorities on how to conduct the exercise as the number of transactions involving cash deposits for the country as a whole is very huge.

"So how do we see that whether the amount deposited by them (the employees) commensurates with their income or not. Because the CBDT is already doing this exercise for everybody, irrespective of (whether) somebody is an employee or non- employee. We have taken the help of the CBDT. We are yet to get (data)," he said.

The CVC expects the CBDT to provide more specific data on the deposits. "We had a series of discussions with them as to what kind of analysis we would like them (to do). They are cooperating with us. In fact, they have given us a lot of ideas," Chowdary said.

He said the tax authorities suggested that the CVC take data in the actionable form.

Chowdary said the exercise being carried out by the CBDT requires writing of programmes, validating them and then generating right outcomes.

He said the CVC will look into the cases of central government employees and the staff of central public sector undertakings who are within the jurisdiction of the commission.

The anti-corruption watchdog has select categories of employees, usually Group A and B officers, under its jurisdiction.

"In respect of people who are not within the jurisdiction of commission, if the amount involved is beyond a threshold, we will send it to our Chief Vigilance Officers (who act as distant arm of the CVC) to take necessary action," Chowdary said.

Asked about the reasons behind the proposal to scrutinise the bank accounts of employees, he said there could have been some wrong deposits, but specific individuals and details of organisations they are working in may not be known now.

The CBDT is looking into certain suspected deposits made by various individuals, especially during the demonetisation period, Chowdary said.

Asked whether it would not be duplication of work, he said relevant data would be provided by the CBDT for the purpose.

"We are not duplicating. That is why we are getting refined data from the CBDT. That's why we said that you are anyway working on it ... That is why you share data of these (employees) people with us," Chowdary said.

In respect of individuals under its jurisdiction, the CVC also gets Suspected Transaction Reports (STRs) from the Financial Intelligence Unit (FIU).

The FIU is tasked with collecting, analysing and disseminating information related to financial transactions suspected to be involving black money or proceeds of crime.

An STR is a transaction of Rs 10 lakh and above believed to be involving proceeds of crime and black money.

In its report for 2016-17 released on August 30, the Reserve Bank of India (RBI) had said Rs 15.28 lakh crore or 99 per cent of the demonetised notes, had returned to the banking system.

The central bank in the annual report had said that only Rs 16,050 crore out of the Rs 15.44 lakh crore in the old, high-denomination notes had not returned.

AIBEA THIS DAY – 19 SEPTEMBER	
1926	Com. Manoranjan Bose, Former Treasurer of AIBEA (date of birth)
1949	Foundation of Indian Bank Employees' Union, Tamil Nadu.
1995	Govt. directs Banks to adopt Pension Regulations with forfeiture clause for strike participation.
1999	Com. Tarakeswar Chakraborti at Kuala Lumpur, NUBE Conference.
2001	AIBEA central committee meeting at Patiala
2007	Dharna in state capital-by AICBEF – implementation of Vaidyanathan Committee report.

AIBEA THIS DAY – 20 SEPTEMBER	
1957	Calcutta RBI employees stage sympathetic strike on struggle for Compensatory Allowance.
2003	Golden Jubilee of Delhi state bank Employees Federation

ALL INDIA BANK EMPLOYEES' ASSOCIATION

Central Office: PRABHAT NIVAS

***Singapore Plaza, 164, Linghi Chetty Street, Chennai*-600001**

Phone: 2535 1522 Fax: 2535 8853, 4500 2191

e mail ~ chv.aibea@gmail.com

Web: www.aibea.in