AIBEA's Banking News

15, 16 MAY 2019

NEWS BULLETIN FROM ALL INDIA BANK EMPLOYEES' ASSOCIATION

National Institute of Nutrition stands by its report on no onion, garlic in its meals

SPECIAL CORRESPONDENT
NEW DELHI, MAY 15, 2019
THE HINDU

'Fruits, vegetables can be used interchangeably'

The National Institute of Nutrition (NIN) said on Tuesday that it stands by its findings certifying mid-day meals without onion and garlic provided by the Akshaya Patra Foundation (APF) in Karnataka schools as compliant with nutritional norms laid down by the State government.

The response from the institute follows an open letter from experts asking it to withdraw its report on APF on the ground that it was not based on a "systematic scientific study", which would include a physical inspection at schools. The signatories of the letter comprised 10 organisations as well as 94 experts, including faculty from prestigious institutes like IIM Bangalore, Tata Insitute of Social Sciences, Centre for Sustainable Agriculture, Jan Swasthya Abhiyan, Right to Food Campaign-India, and People's Union for Civil Liberties.

"We stand by our response to the Karnataka Government," NIN's Director, Dr Hemalatha R, wrote in response to a story in ***The Hindu*** on May 14, 2019.

In January, 2019, the Karnataka government had asked NIN to assess APF meals for nutritional compliance, food safety, taste and diversity of meals following objections by the Karnataka State Food Commission as well as activists that absence of onion and garlic from meals made the food unpalatable and resulted in children consuming less quantity of food. APF provides food under the government's mid-day meals programme at 2,814 schools in the State. NIN's response added that its report was based on computing macronutrients and micronutrients from menus suggested by the Karnataka government and those provided by APF.

"Using computational methods to compare different menus and assess nutritional quantity and quality and diversity is an accepted scientific tool," the NIN Director wrote.

On the issue of onion and garlic missing from meals, the Director wrote, "looking at each vegetable or compound in isolation and implicating it to the overall nutritional quality of composite meal is not justifiable NIN has no hesitation in saying that most vegetables/fruits improve bio-availability of micronutrients and hence can be used interchangeably."

Bengaluru-based independent researcher, Siddharth Joshi, who was among the signatories of the open letter, rejects NIN's explanation. "How could NIN prepare a report without a field-level assessment of the ingredients used in preparation of food to ensure nutritional requirements were being met and not verify claims being made on a paper menu by APF." The issue is not just about absorption of nutrients, but is also about the food not being as per local tastes. The most important question that authorities are glossing over is why not provide onion and garlic, which are available all round the year and are cheaper than other ingredients."

ED questions Kochhars again in loan case

SPECIAL CORRESPONDENT
NEW DELHI, MAY 14, 2019
THE HINDU

The Enforcement Directorate on Tuesday again quizzed former ICICI Bank managing director and chief executive officer Chanda Kochhar and her husband Deepak Kochhar in the Videocon Group loans case. They have been told to appear before the probe team on Wednesday.

The second round of questioning started around 11 a.m. and continued for several hours. The Kochhars have been asked to submit some more documents, according to an official.

The money laundering probe is being conducted on the basis of an FIR registered by the Central Bureau of Investigation, alleging that a quid pro quo of Rs.64 crore was paid in the form of investments in the company of Ms. Kochhar's husband for sanction of loans to some Videocon Group companies.

Videocon Group head Venugopal Dhoot allegedly invested the money in Nupower Renewables Limited through Supreme Energy Private Limited, which was later transferred to Pinnacle Energy Trust, another firm managed by Mr. Kochhar.

Six high-value loans sanctioned to the firms in question between June 2009 and October 2011 are under scrutiny. The outstanding amount as on April 26, 2012, were adjusted as another term loan of Rs.1,730 crore under refinance of domestic debt scheme. However, the accounts became non-performing assets in June 2017, according to the CBI.

Jet lenders plan to draw more investors

Manojit Saha
MUMBAI, MAY 14, 2019
THE HINDU

SBI Caps' new plan by end of week; Etihad to invest one-third of requirement

After receiving Etihad's offer to buy partial stake in Jet Airways, lenders to the grounded airline will come up with a new scheme to attract more investors. SBI Caps, which is conducting the stake sale process of Jet Airways, will be coming up with a fresh plan by the end of this week.

According to sources with direct knowledge of the development, Etihad has shown interest to acquire a only partial stake in Jet Airways — around

24% — which is one-third of the requirement. SBI Caps will chalk out the contours of the new scheme based on Etihad's offer. "It [Etihad's bid] is a bid, but it is not a complete bid. They are saying they are willing to participate, provided there is also someone who comes in. They have communicated their terms and conditions in their bid," said a source.

Sources said after fresh shares are issued, Etihad's stake will fall to almost zero, from 24% now. Etihad has indicated it would like to retain 24% stake in the airline and has offered Rs.1,700 crore.

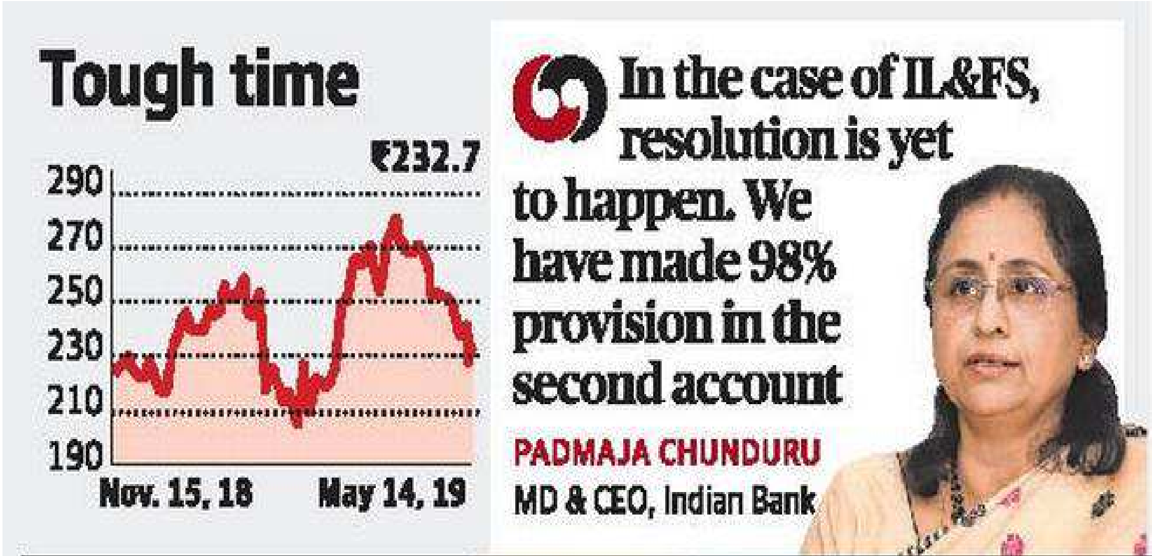
Jet promoter Naresh Goyal has 51% stake in the airline, while 25% is the public holding. "They will contribute about one-third of the requirement. So the remaining two-third has to come from other investors," the source said. By remaining at 24%, there will be no need for an open offer — a scenario Etihad was keen to avoid. The move to invite more investors will open up opportunity for investors like National Investment and Infrastructure Fund (NIIF), a joint venture between Government of India and Abu Dhabi Investment Authority.

While NIIF participated in the expression of interest (EoI) stage, it did not submit a binding bid. Four entities had submitted their EoI, but only Etihad submitted the binding bid, albeit with conditions. Earlier, after the airline had defaulted on repayment, SBI helped prepare a bank-led resolution plan and began the sale process.

IL&FS provision hits Indian Bank

SPECIAL CORRESPONDENT
CHENNAI, MAY 14, 2019
THE HINDU

Lender records Q4 loss; recovers Rs.585.84 crore from an account with the NCLT



Metrics	Q4 FY19	Q4 FY18	Growth (%)
Net Interest Income (₹ cr.)	1,763	1,632	8
Net profit/(loss) (₹ cr.)	(189.77)	131.98	-
EPS (₹)	(3.95)	2.75	-
GNPA (%)	7.11	7.37	-

Public sector lender Indian Bank reported a standalone net loss of Rs.189.77 crore during the fourth quarter ended March 2019 against a net profit of Rs.131.98 crore in the year-earlier period, on higher provisioning towards bad loans.

"We have posted a net profit on a consolidated basis," said Padmaja Chunduru, MD and CEO, Indian Bank.

"The loss on standalone basis was due to one-time higher provisioning of Rs.220 crore made towards IL&FS and another company."

"In the case of IL&FS, it is a running account and resolution is yet to happen. We have made 98% provision in the second account. Initially, the provisioning for these accounts was not there. All issues have been resolved. I am confident this would be a stable base from which the bank will grow. Our assets are well guarded and well provided for," she said.

When it was pointed out that the bank's full year net profit on a consolidated basis had dipped to Rs.320.93 crore from Rs.1,262.92 crore, she said it was due to depreciation on investment of Rs.700 crore and lower profit on sale of investment worth Rs.427 crore respectively.

Fresh slippages had been coming down sequentially, she added. During the quarter, total income stood at Rs.5,537.47 crore against Rs.4,954.21 crore.

Fall in net NPA

Gross non-performing assets reduced marginally to 7.11% of the gross advances from 7.37% while net NPAs came down to 3.75% from 3.81%.

The overall provisioning and contingencies for the March 2019 quarter were at Rs.1,638.83 crore, higher than the Rs.1,546.34 crore a year ago. Of this, the provisioning for bad loans was Rs.1,432.94 crore against Rs.1,772.03 crore. in the year-ago quarter.

During the year ended March 2019, the bank recovered Rs.585.84 crore from one of the accounts by way of NCLT settlement. It also appropriated the recovery of Rs.94.61 crore in a fully provided for NPA account.

For the provisions of the Insolvency and Bankruptcy Code, the bank is holding a total provision of Rs.83.07 crore. Non-performing loan provision coverage ratio was 65.72%.

Ms. Chunduru said that global deposits for the year grew 16%, advances 15%, current account and savings account (domestic) 9%.

The bank had a well diversified loan book with retail, agriculture and micro, small and medium entreprises accounting for 58% and corporate 42%.

Air India aims to revive 19 grounded planes by Oct.

Jagriti Chandra
NEW DELHI, MAY 15, 2019
THE HINDU

Aircraft await new engines, spare parts

Air India has prepared a revival plan to make 19 of its grounded planes airborne by October, according to a top airline official. Many of these planes, of a total fleet size of 127, have been grounded for more than a year awaiting replacement of engines and their spare parts. However, faced with a cash crunch, the airline has been unable to procure these. It is estimated that the airline will need nearly Rs.1,000 crore to ensure these aircraft start flying again.

Plan timeline

"Two Boeing 777s will be revived by May-end, four 787s by August and the remaining 13 A320s by October," a senior official said on the condition of anonymity, adding that this plan had been shared with the Ministry of Civil Aviation too.

Another official said the airline would try to resolve most engine issues by "paying for repairs and spare parts" instead of buying new engines. Last month, the airline had also floated a tender for a loan of $45 million from banks to finance the purchase of five CFM 56-5B engines for its Airbus A320 aircraft by mortgaging three of the newer generation CFM Leap 1-A engines as it has already exhausted the Rs.2,000 crore sovereign guarantee to raise loans.

The airline had to extend the May 14 deadline for bids by 15 days as it didn't get a good response. It also has to pay interest of nearly Rs.8,000 crore on total debt of Rs.55,000 crore. After the Centre's attempt to privatise Air India failed last year, the airline has been under added pressure to cut losses by reviving these aircraft, to make itself attractive to potential bidders.

But the number of planes rendered temporarily unusable has only been mounting, from 12 in August to 14 in February and 19 in May.

RBI envisions fourfold growth in digital transactions by 2021

SPECIAL CORRESPONDENT
MUMBAI, MAY 15, 2019
THE HINDU

Over 100% average annualised growth in UPI, IMPS likely

The Reserve Bank of India (RBI) has envisaged four times growth in digital transaction in two years, in the payment system vision document for 2019-2021 released on Wednesday.

Payment Systems Vision 2021, with its 36 specific action points and 12 specific outcomes, aims to achieve a 'highly digital' and 'cash-lite' society through the goal posts of competition, cost effectiveness, convenience and confidence (4Cs).

The RBI expects accelerated growth in individual retail electronic payment systems, both in terms of number of transactions and increased availability.

Payment systems like UPI and IMPS are likely to register average annualised growth of over 100%, and NEFT at 40%, over the vision period. "The number of digital transactions is expected to increase more than four times from 2,069 crore in December 2018 to 8,707 crore in December 2021," the document said.

A 35% growth has been targeted in use of digital modes of payment for purchase of goods and services through increase in debit card transactions at point-of-sale terminals during the vision period.

Use of debit cards in PoS transactions is expected to be at least 44% of total debit card transactions.

"In value terms, it is 15.2% in 2018-19 (5.2% in 2014-15) which is expected to be 22% by end 2021," it said. It is expected that there will be

5 million PoS machines by 2021. Mobile based transaction are projected to increase by 50%, considering lower base.

No specific target

Interestingly, no specific target has been considered for reducing cash in circulation.

"While no specific target is considered for cash in circulation, the enhanced availability of PoS infrastructure is expected to reduced demand for cash and thus, over time, achieve reduction in Cash in Circulation (CIC) as a percentage of GDP," the document said.

I-T probing post-demonetisation Mumbai realty deals

Sharad Vyas
MUMBAI, MAY 15, 2019
THE HINDU

Over 16,000 cases of undisclosed capital gains reflect high cash use or unrealistic guideline values

The business of property in the country's most expensive real estate market may have seen a considerable presence of cash in the wake of demonetisation, recent data analysis by the Income Tax (I-T) department shows.

I-T officials have identified undisclosed income by way of capital gains from the sale of land and real estate in Mumbai worth Rs.7,338 crore in the financial years 2016-17 and 2017-18, indicating that either the city's Ready Reckoner (RR) rates are highly inflated or that there is a substantial presence of the cash component in property transactions resulting in the under reporting of actual deal values.

Set to issue notices

The field officers are now set to issue notices to 40,409 buyers and sellers who have under reported the 'deeming' income considered under the provisions of sections 50(C), 56(2)(7) and 56(2)(10) of the Income Tax

Act, 1961. Of the total 16,082 cases detected by tax authorities, 13,147 relate to transactions in the city's suburbs, while 2,935 deals were recorded in Mumbai City.

The cases have been identified under the aegis of the Interim Action Plan of the Central Board of Direct Taxes (CBDT), which had asked I-T wings in major cities to dispose all cases related to demonetisation and issue notices on violations of high-value transaction norms under Section 285BA of the Income-tax Act. The provisions of 285BA make it mandatory for banks, mutual funds, institutions issuing bonds, registrars and sub-registrar offices (SROs) to record and report high-value financial transactions that exceed Rs.30 lakh in an Annual Information Report (AIR).

Based on AIRs

The AIRs for Mumbai, collected from 26 SROs until March 31, 2019, reported numbers that were fourfold higher than the next city on the list, Hyderabad. The capital of Telangana State leads with respect to cases of violation of Section 269SS — of cash payments of Rs.5 lakh and above — for 2016-17 and 2017-18, said I-T officials, speaking on condition of anonymity.

For the purpose of computation under 50(C), the RR is deemed to be the rate at which the property was sold if the transaction was reported as having taken place below the RR. The capital gains tax is then levied on the RR instead of the fair market value. A valuation is recommended by the Assessing Officer (AO) if the taxpayer claims fair market value is lower.

"The goal of the provisions of 50(C) is to identify the grey component in a property deal," explained Vimal Punmiya, a chartered accountant at Vimal Punmiya & Co. "This could be the money the buyers and sellers may have exchanged under the table, which they will never admit to having done. The provision helps the tax department identify the cash component," he said, adding that the actual cash component would be determined by the assessing officer only once the final assessment had been made.

Maharashtra has kept its RR rates unchanged in fiscal 2019-20 for the second year running. However, most tax and property consultants are of the view that the RR is inflated by as much as 25% in order to maximise revenue collection for the State government's Inspectorate General of Registration and Stamps (IGR). Despite a slump in the real estate market, revenue collection from stamp duty and registration in the fiscal year 2017-18 was Rs.26,481 crore, including Rs.7,156 crore from Mumbai. The Mumbai collection for 2016-17 was Rs.5,403 crore.

'Ruthless rate'

"The State Government should rename it (RR) a Ruthless collection Rate, which has not only crushed businesses but forced owners to opt for leave and license or percentage share basis deals instead of outright sale in a buyer-less market," asserted Vinod Sampat, President, Registration Fee and Stamp Duty Payers Association. "The RR rates are unrealistic and must be slashed by at least 25% if the government wants a realistic property market for Mumbai," he added.

Officials in the IGR office said the gap between the RR and fair market rates is even wider when it comes to agricultural land in the moffusil areas of the State, where the RR is set as low as 30% of the market value. In Mumbai, the RR rates per square metre are never correlated with built-up area as required by rules but instead based on the carpet area or super built up area.

"The Maharashtra government lost the plot on the RR in 2009, when despite the price fall and correction it did not lower the rates," said a developer, who did not wish to be named. "On some occasions in the last 15 years, the RR hike was higher in real per cent terms than the actual price appreciation," the developer added.

The Central Board of Direct Taxes (CBDT) said it issues the Interim Action Plan every year during the first quarter, to provide a sense of direction to the field offices with regard to the areas of work to be focussed on till the relevant fiscal year's Central Action Plan is finalised.

"This is an annual exercise which is undertaken every year and has been done so for the past several years," said CBDT spokesperson Surabhi Ahluwalia. "In line with the same, the Interim Action Plan was issued for the first quarter of the current financial year, being a routine exercise. Furthermore, all areas of work as outlined in the Interim Action Plan are required to be undertaken in all seriousness by the field offices with equal emphasis on all areas of work specified therein," Ms. Ahluwalia added.

Time to pack up those election 'jumlas'

R Srinivasan | May 15, 2019

THE HINDU BusinessLine

The economy needs urgent fixing, and populism is not the answer

If for nothing else, BJP President Amit Shah will go down in history as the man who introduced the word 'jumla' into the current Indian political lexicon. An Urdu/Hindustani word meaning 'aggregate' or 'total', thanks to Shah, the word has now come to stand for a collection of sentences signifying nothing — false promises, in other words.

The ongoing election campaign has seen its fair share of jumlas being added to the rich crop produced during the previous elections.

Of course, no one is talking of the Rs.15 lakh of recovered black money stashed abroad that was to come into every Indian's account, but as far as competitive populism goes, it has been a race to the bottom, with both the principal national parties vying with each other to make extravagant promises.

So, if the BJP promised to make India a $5-trillion economy in five years, the Congress promised to create 1 crore jobs (despite Modi's promise of creating 2 crore jobs last time around having fallen flat). If the BJP promised an investment of a staggering Rs.25 lakh crore in the agriculture sector in its next term, the Congress promised to create a separate 'Kisan Budget.'

If the BJP promised to reduce poverty to 'single digits', the Congress has promised a basic income of Rs.72,000 per year to 20 per cent of the poorest families to eliminate poverty in one stroke. If the BJP promised a 'pucca' house for all living in 'kachha' (temporary) houses, the Congress has promised a 'Right to Homestead Act' which will give a plot to every rural household without land or a permanent house. And so on and so forth.

I have no clue whether voters bought any of this or not, but now that elections are all but done and dusted, and a new government set to take charge within a couple of weeks, it would be an economic disaster if the 'jumlas' — at least the more outrageous ones — are actually attempted to be translated into policy.

Serious slowdown

That is because the economy is simply in no shape to afford the kind of spending spree that various political parties have promised. While the Finance Ministry has finally admitted to a "slight slowdown" in fiscal 2018-19 due to a slowdown in private consumption, muted rise in capital investment, and slowing exports, the fact is that the economy has been in deceleration mode after demonetisation (never mind what the re-revised GDP numbers say!) and the "slight" slowdown alluded to by FinMin mandarins was actually the start of an accelerated slowdown.

And there is no sign of respite. Private investments were already in the doldrums, with most of India Inc caught in debt woes and struggling to deleverage debt, which also meant that new investment activity slowed to a crawl while those with money shopping for distressed assets on the cheap.

The government, which was doing most of the heavy lifting on spending and infrastructure creation, was forced to curtail expenditure sharply as tax collections (both direct and indirect) fell far short of target; so much so that a May 15 report in the ***Economic Times*** pointed to a severe cash shortage in the banking system in April to the tune of Rs.40,859 crore (implying a collapse in circulation of money and economic activity), compared to a surplus of Rs.15,857 crore the same time last year.

The slowdown in real growth means that individuals are having both less money to spend and a lower propensity to spend, since their future outlook is turning bearish. This spending slowdown is sending shockwaves across multiple industries. The automobile sector, always a reliable leading indicator of sentiment, shows this starkly. Domestic car sales during April declined 20 per cent Y-o-Y, scooter sales plunged 26 per cent, motorcycle sales declined 12 per cent and commercial vehicle sales slid 6 per cent last month. Overall, it was the worst April for the sector in eight years.

There are plenty of other indications. Air traffic growth grew at the slowest pace in six years in March, while growth of consumer durables output is down over 5 per cent while non-durables — covering daily needs like soaps and detergents — is flat, with sector leader Hindustan Unilever reporting the lowest quarterly growth in 18 months.

Investment drive

Meanwhile, there are some early signs that food inflation may once again start inching up, pushed by rising input costs for growers and a possible deficient monsoon only makes the outlook worse.

All this means that the next government has its task cut out to revive growth. Both in agriculture and industry, the only way out is to drive investments in infrastructure. India needs more roads, ports, airports and railway tracks, while the rural sector needs massive investments in storage, transport and food processing to drive value addition and growth.

Without these investments, simply pumping money into the hands of consumers — whether through the BJP's current modified income support scheme or the Congress's grander universal basic income plan — will not be enough to give the kind of consumption push the economy needs to get back on the high growth path.

Unfortunately, from what one has seen so far, none of the principal players who will decide our collective fates over the coming five years appear to have spent quality time thinking these issues through and coming up with possible solutions. All one hears so far is jumla.

Where that is going to get you is shown up starkly by a recent Stanchart report, which predicted that Bangladesh, currently at around 30 per cent of India's per capita GDP, will overtake India by 2030 on this score. Our neighbour would have gone from basket case to boom economy, while we progress in reverse gear.

Next Indian govt seen relying on RBI to spur growth

Reuters NEW DELHI | May 15, 2019

THE HINDU BusinessLine

India's slowing economy will need a boost soon after the current election, but budget stresses mean New Delhi probably has to rely on the Reserve Bank of India (RBI) to provide it through more interest rate cuts, according to two senior Finance Ministry officials.

"The government lacks the ability to hike already-planned spending to spur growth," they said, as revenue in the year ending March 2020 is likely to be below target while borrowing will rise, mainly for a new farm support scheme. "Right now the government is not thinking of any stimulus. I do not think we can afford it, as any package would ultimately lead to higher borrowing," one of the ministry officials, who insisted on anonymity, told Reuters.

The government has a fiscal deficit target of 3.4 per cent of gross domestic product for 2019-20.

The Finance Ministry did not respond to a request for comment.

Limited impact

While the RBI is likely to be open to more policy easing, provided inflation does not surge, their impact on economic activity may be limited, given debts burdening the banking sector. Two rate cuts this year have barely reduced loan and deposit rates.

The Finance Ministry official said that the RBI needs to provide additional liquidity to ensure rate cuts pass to bank customers. The central bank has injected $13 billion into the system in the past two months through open market operations and forex swaps, but the officials expect more.

The second official said that the Ministry is working on a plan to infuse capital into state-run banks in exchange for equity. “State-run banks have asked for a Rs 50 crore ($7.12 billion) fund infusion in 2019-20,” sources said.

Economic growth, which hit a five-quarter low of 6.6 per cent in October-December, appears to be slowing. March industrial output contracted for the first time in nearly two years, surveys show a slackening in manufacturing and services growth, while car and motorbike sales have tumbled.

The slip in growth comes at a time many economists are questioning the quality of official data and suggesting past levels have been overstated. The trade war between the United States and China has sparked worries about a weakening in the global economy. New Delhi officials are concerned that low-cost Chinese goods which can't find a home in the United States might be dumped in India.

Top priority

Indian economists agree that the next government — whether again led by Prime Minister Narendra Modi and his Bharatiya Janata Party (BJP) or by its opponents — will urgently seek to lift growth.

The 39-day Indian general election ends on May 19, with counting of votes on May 23.

The central bank has cut its benchmark repo rate by 50 basis points this year to 6.0 per cent. The two Finance Ministry officials said the government expects at least another 50 bps cut by August. The next RBI policy meeting is June 6.

Gopal Krishna Agarwal, BJP's economic affairs spokesman, said the government “needs to focus on lowering of interest rates, higher spending and asset creation so that demand is created." The party proposes spending Rs 100 lakh crore over five years to build roads, railways, ports and rural infrastructure.

Indian media this week quoted a senior official as saying the Corporate Affairs Ministry is working on a plan to waive debt of very small businesses and individuals with annual earnings below Rs 60,000. That could cost as much as Rs 20 lakh crore.

But Finance Ministry officials say any such plan would have to be funded by budget cuts elsewhere and is unlikely to start in the current fiscal year.

The Congress party has pledged to give Rs 72,000 rupees to each of India's poorest families, but this won't be immediately implemented, should it form the government, due to concerns this will make the fiscal deficit balloon.

"The immediate focus has to be the macro-economic stability," P Chidambaram, former Finance Minister and a senior Congress leader, told *Reuters*. "It's only when the growth process starts we can find the revenues for implementing all this."

Fall in revenue

In the 2019-20 budget, the government expanded its borrowing programme by Rs 1.4 lakh crore to more than Rs 7 lakh crore.

The government expects to fall short of its 2019-20 indirect tax target of Rs 13.8 lakh crore, 20 per cent above last year, making it harder to meet its revenue target.

Also there could be losses from state-run banks and other companies, such as Air India, which might need further government support. "In 2019-20, fiscal deficit is expected to be much higher than the budget target," predicted former RBI Governor Bimal Jalan.

United Bank of India to 'consider all options to step up recovery'

Shobha Roy Kolkata | May 14, 2019

THE HINDU BusinessLine

Aims to recover up toRs.5,000 crore in FY20

United Bank of India is exploring all options, including settlement of cases outside of National Company Law Tribunal (NCLT), to step up recovery efforts.

The bank is looking to recover close to Rs.4,500-5,000 crore this fiscal.

According to Ashok Kumar Pradhan, MD and CEO, the bank had recovered close to Rs.6,000 crore in 2018-19. Of this, nearly Rs.2,500 crore was recovered during the last quarter.

"We are looking at all possibilities, including one-time settlement outside of NCLT. The aim is to recoverRs.4,500-5,000 crore this fiscal," Pradhan told***BusinessLine***.

The process of resolution under the Insolvency and Bankruptcy Code (IBC) is "time-taking", and some of the cases have been taking too long to even get admitted under the NCLT. This is primarily due to the judicial and legal hurdles, and it might take some more time for these issues to get ironed out.

NCLT cases

United Bank had referred 33 cases to the Kolkata bench of the NCLT in the first and second quarter of last fiscal; of this, only two have been admitted so far, he said, highlighting the issue of delay, which has been undermining the entire process of resolution under the Code.

The total exposure of the bank under these accounts would be close to Rs.300 crore.

"In many cases we are seeing that the 180 days or 270 days deadline is far exceeding and there is no resolution. Hence, we will explore all possibilities for stepping up recovery," he said.

Price discovery would be the most important factor while considering resolution outside of IBC, he added. The bank, which had recovered close to Rs.220 crore through sale of assets in written-off accounts in Q4 of FY 2019, is looking to get Rs.800-900 crore through such accounts this fiscal.

"We have close to Rs.9,700 crore under written-off accounts, and we are expecting to recover at least around 10 per cent from such accounts. This will directly contribute to our bottomline," he said. Stepping up of recovery efforts and curbing fresh slippages would help the bank improve its asset quality.

The bank is hopeful of bringing down its gross non-performing assets GNPAs to 8-9 per cent and net NPA to 3-4 per cent by the end of this financial year.

For the quarter ended March 31, 2019, gross NPA of the bank stood at 16.48 per cent, while net NPA was 8.67 per cent.

The bank has already been able to curtail fresh slippages, which came down to Rs.2,500 crore in FY19, againstRs.8,000 crore in FY18.

The bank has also been undertaking several operational measures to improve profitability by way of rationalisation of branches and manpower.

The number of unviable bank branches came down to 33 in 2018-19, against 191 in 2017.