



PMC Scam: Legal expert advice depositors to file Writs, not PILs

By Staff Reporter BUSINESSLINE

NGO Moneylife Foundation has set up a team of 2 SC advocates to help depositors fight their case



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In an attempt to unite Punjab and Maharashtra Co-operative (PMC) Bank depositors, Moneylife Foundation, non-profit organisation, organised a meeting between depositors and legal experts, on Saturday. During the gathering, the legal experts advised the depositors to opt for filing Writ Petitions in the court and not Public Interest Litigations (PIL).

Speaking to PMC account holders that were present at the meeting, senior advocate Murali Neelakantan, explained how the method of Writ Petitions is faster. "In case of a Writ petition, the petitioners have to be present in the court and the judge can see the petitioners, which helps them understand the urgency of the case. This is unlike a PIL, for which the end result is often time consuming."

He added that even if one per cent of the three lakh PMC depositors went to the court during the Writ Petition, the case can proceed faster. "Imagine the impact it will be if 30,000 depositors remain present in the High Court at the time of the hearing." It is important that the judge sees all the affected depositors.

At present, a legal team comprising of two former Supreme Court advocates, have been formed by the foundation to help the depositors fight the PMC case in the court. Neelakantan added, "These advocates are doing this pro bono want to help PMC depositors. Moreover if you want to justice, it is important for all depositors to be present there to support your lawyers."

The NGO has also initiated a survey to collect information about the PMC account holders to make their case stronger. Sucheta Dalal, a trustee of Moneylife Foundation, added, "Around 11,000 petitioners have filled the survey which is an authentic way to sign up for the petition. Once we have a large number, we will contact them personal, verify their details and make them petitioners. Despite this round, the depositors would still have to appear before the court and make the judge understand the urgency of their matter."

Dalal added, it has been 18 days and the bank is still not fully operational. "Any further delay will reduce the chances of the bank's survival." Dalal also felt nationalised banks, mainly the State Bank of India or Bank of Baroda should not be forced to takeover the PMC bank. "Rather allow some other institution to come forward to takeover the PMC bank," she said.

Dalal added, it is time the Reserve Bank of India (RBI) acted fast. Adding to it, Devidas Tuljapurkar, the joint secretary of All India Bank Employees Association stated, RBI is not putting out any information, which is a sad state of affairs. "There is a fear among general public about banking systems and more names were being circulated. The RBI has to address these issues," said Tuljapurkar.

Tuljapurkar affirmed, once the PMC account holders come together, the bank unions will also try to support them.

FM to ask RBI to ease withdrawal norms for PMC Bank depositors

Our Bureau Mumbai | October 10, 2019



Finance Minister Nirmala Sitharaman - THE HINDU

Committee to consider legislative changes for regulating multi-state cooperative banks

Finance Minister Nirmala Sitharaman said on Thursday that she will speak to the Reserve Bank of India Governor Shaktikanta Das and convey the distress of depositors of Punjab and Maharashtra Cooperative Bank. The Finance Minister will request Das to consider expediting the withdrawal of funds by depositors. She also promised legislative changes, if required.

At present, PMC Bank is under directions of the RBI and depositors can withdraw only ₹25,000. Sitharaman, who met protesting depositors of PMC Bank, however, did not give a timeline for the withdrawal, and said that it would depend on the RBI and the administrator.

“I have spoken to the RBI Governor several times on PMC Bank and will do it today again. This is process-driven, and will have to be discussed between the RBI and administrator,” she said.

She also said that a working group with the Secretaries of Departments of Economic Affairs and Financial Services, along with the Deputy Governor, RBI, would study in detail what has happened and understand shortcomings, and look at ways in which respective Acts can be amended to avoid similar situations.

"I have asked Secretary, DEA, and Secretary, DFS, to study shortcomings and suggest legislative steps to prevent such crises and empower the regulator. If necessary, in Winter session of Parliament, we will place the amendments," she said, adding the committee will also look at whether deposit insurance should be hiked from the current ₹1 lakh.

Sitharaman said that Multi-State Co-operative Banks are regulated by the RBI. Rural Multi-State Co-operative Banks are registered with the Ministry of Rural Development, and Urban Multi-State Co-operative Banks are registered with the Ministry of Urban Development.

"In such cases, where there is malpractice, the RBI handles the whole matter," she noted.

FRDI Bill

Addressing another briefing, Sitharaman said there is "some discussion" going on in the Finance Ministry on the Financial Resolution and Deposit Insurance (FDRI) Bill. "We are conscious that for financial institutions, something similar to the IBC does not exist. Some thought process is on, but in what form I can't say at present," she said.

Bank of Baroda stares at vacant leadership as PS Jayakumar's MD/CEO term comes to an end

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PS Jayakumar, MD and CEO, Bank of Baroda - File photo

BoB is the second largest public sector bank which does not have a CEO

The one-year extended tenure of PS Jayakumar as Managing Director and Chief Executive Officer (MD & CEO) of Bank of Baroda (BoB) ended on Saturday, with the government not giving any clarity on either giving him extension or finding a replacement.

BoB is the second largest public sector bank (PSB) which is headless. Bank of India (BoI) has been without an MD/CEO after Dinabandhu Mohapatra demitted office on June 30.

Jayakumar was initially appointed by the government as BoB chief on August 14, 2015 for a three-year tenure. In view of the key role he played in the amalgamation of Dena Bank and Vijaya Bank with BoB, which became effective from April 1, 2018, the government granted him a year's extension.

With the government moving Ch SS Mallikarjuna Rao, MD & CEO of Allahabad Bank, to head Punjab National Bank, it now needs to appoint chiefs at BoB and BoI.

The government has kept the top position at Allahabad Bank vacant as it is set to be amalgamated with Indian Bank.

Canara Bank MD & CEO RA Sankara Narayanan's tenure ends on January 31, 2020. He took charge on April 15, 2019. Prior to this, he was MD & CEO of Vijaya Bank from September 1, 2017.

The government could consider giving Sankara Narayanan an extension, given that Canara Bank and Syndicate Bank are in the midst of an amalgamation.

UFBU terms IBA's decision to disburse adhoc payment pending wage revision settlement as 'unfair, unilateral'

Hyderabad, Oct 4 **UNITED NEWS OF INDIA**

United Forum of Banks' Unions (UFBU) an umbrella organization of all the nine major bank unions on Friday termed the decision of Indian Banks Association (IBA) to disburse adhoc amount equivalent to one month's salary (Basic Pay & Dearness Allowance thereon) to all permanent workmen staff and officers in view of ongoing festival season and pending wage revision settlement, as 'unfair, unilateral and arbitrary'.

In a letter to IBA Chief Executive V G Kannan, UFBU said "it is also a deliberate attempt to undermine the role of unions and their right of collective bargaining. This is a naked attempt to de-unionise the workforce. Such attempts are bound to have an adverse impact on the otherwise healthy industrial relations in the banking industry.

It is unfortunate that, after negotiating with the Unions for more than two years so far, instead of expediting the Settlement, IBA has chosen to decide to pay ad-hoc amount on its own for the reasons best known to you", It said.

Mr C H Venkatachalam, General Secretary, All India Bank Employees Association (UFBU), a Major union in UFBU, while e-mailing to UNI the UFBU letter to Mr Kannan quoted, 'Our attention has been drawn to a communication from IBA dated 1-10-2019 under your signature to all member Banks advising them to disburse an adhoc amount equivalent to one month's salary to all employees and officers who were in service as on 1-11-2017 and who continue to be in service today and to disburse 15 days' salary (Basic Pay & DA) for employees and officers who joined between 1-11-2017 and 31-3-2019 pending finalization of the wage revision settlement.

You are aware of the advisory from the Finance Ministry, Government of India dated 12-1-2016 advising the Banks and Indian Banks' Association to initiate the process of negotiations/wage revision of the employees and to conclude it prior to the effective date i.e. 1-11-2017.

You are also aware that having regard to this Advisory, our Workmen Unions and Officers Associations had also submitted the Charter of Demands well in advance with a request to IBA to commence the

negotiations in advance so that we may conclude it before the stipulated date.

You will also recall that when the initial round of discussion was called by the IBA on 2-5-2017, from the UFBU we had expressed our view that the discussion should be held on regular basis and concluded at the earliest. IBA also agreed to the same. But, records will speak, that talks were held after a lot of time gap every time and this is the main reason for the delay. This delay is not attributable to the Unions, the UFBU said in its letter.

Even though the negotiations commenced in May, 2017, only after a period of one year, that is in the discussions held in May, 2018, IBA made its first offer of 2%. Thus one full year of negotiation was without any offer from IBA. This delay is also solely on the shoulders of the IBA and not the Unions.

Even in the communication under reference, IBA has presumed and stated that it would take some more time to conclude the negotiations and sign the Settlement. This clearly shows that IBA wants to further delay the Settlement with a deliberate intention to frustrate the employees and officers and to divert the wrath of the workforce against the unions.

If IBA expects further delay in the Settlement, for whatever may the reason, and hence wanted to pay an adhoc amount, it should have been taken up with the Unions during negotiations. Even in the last round of negotiations held on 17-9-2019, there was no inkling of what was there in the mind of IBA and no such proposal was mooted by IBA.

We do not want to deal with the goodwill gesture on the part of IBA as employees and officers of the Banks are capable of understanding the motive behind this decision. Suffice it to say that this goodwill gesture was absent in payment of overtime wages/compensation to employees and officers when they bore the brunt during the demonetisation period and during the implementation of Jan Dhan Yojana scheme within a short

period and such other occasions. Even till now, many Bank managements are defaulters in this regard. We wish that such goodwill gesture should have been shown in those times when employees and officers were suffering under so much of stress and strain.

On behalf of all the negotiating unions, we (UFBU) wish to convey its strong resentment, displeasure and protest against the unilateral decision of the IBA in this regard.

Earlier, Mr Kannan in his letter to Chairman, State Bank of India, MD & CEO of all Public Sector Banks and MD & CEO of Private/Foreign Banks who are parties to the bipartite settlement said the wage revision for bank employees and officers fell due on 1st November 2017 in terms of 10th Bipartite Settlement & Joint Note dated 25th May 2015 signed by IBA & UFBU which was effective for a period of 5 years from 1st November 2012.

Accordingly, Wage Revision Negotiations which commenced on June 2017 are underway and so far 30 rounds of discussion have taken place.

In the last meeting held on 17th September 2019 an offer of 12% increase in pay slip component was made by the Negotiating Committee besides other things. Though considerable progress has been made under the ongoing Negotiations to settle the various issues amicably it would take some more time to conclude the Negotiations and signing of the Settlement.

Mr Kannan also said Workmen Staff and Officer employees may be advised by the concerned banks that the adhoc payment is being made to them as a gesture of goodwill by the Management and the amount being paid now will be adjusted against the actual arrears payable after the outcome of the ongoing wage negotiation talks.

Exempt premium payable on group medical insurance of retirees from GST: AIBEA

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The premium payable on the Group Medical Insurance Policy by retired bank officers and workmen staff should be exempt from Goods and Services Tax (GST) as their basic pension has been virtually static, but the annual health insurance premium has been going up, according to the **All India Bank Employees' Association**.

There are more than 4.50 lakh retired bank employees and officers.

Of this, the Association found that only about 1.50 lakh retirees are subscribing to the Group Medical Insurance Scheme.

"In view of the repeated increase in premium year after year, the number of subscribers have dwindled sharply and more and more retirees are going out of coverage of this well-intended scheme," said CH Venkatachalam, General Secretary, AIBEA.

He said the Association's plea for a portion of the premium payable by the retirees to be borne by the bank managements have not succeeded so far. Further, its representation for revision of pension on periodical basis has also not been accepted so far.

Hence, while the basic pension of retired officers and workmen staff is virtually static, the annual health insurance premium has been going up.

“In this background, it will be of great help and relief to these retirees/ senior citizens if the premium payable on the Medical Insurance Policy by the senior citizens is exempt from GST. We urge upon you and the GST Council to take a positive view in this regard,” said Venkatachalam in a letter to Finance Minister Nirmala Sitharaman.

At present, retired workmen employees are covered up to Rs 3 lakh per year, and retired officer staff up to Rs 4 lakh. In addition, there is an option for additional top-up coverage of Rs 4 lakh and Rs 5 lakh.

“The retired employees are required to pay GST at the rate of 18 per cent on the premium amount and you will kindly appreciate that the GST amount is quite a burden for these senior citizens, who are getting a limited pension amount,” said Venkatachalam in the letter.

The annual premium, including GST for retired workmen staff for a medical insurance cover of Rs 3 lakh has jumped from Rs 5,620 for the November 2015-October 2016 period to Rs 24,897 for the November 2019-October 2020 period.

The annual premium, including GST, for retired officers for a medical insurance cover of Rs 4 lakh has soared from Rs 7,598 for the November 2015-October 2016 period to Rs 33,193 for the November 2019-October 2020 period

Insolvency Law Committee plans to meet on October 15 to discuss new reforms for IBC

KR Srivats New Delhi | October 13, 2019 - BUSINESSLINE



The new resolution mechanism for finance companies may apply only to limited set of entities. Deposit taking and systemically important NBFCs may be kept out

The government-appointed Insolvency Law Committee (ILC) will meet on October 15 to deliberate on various proposed reforms to the existing insolvency and bankruptcy code (IBC), including new concepts such as group insolvency, said a member of the panel.

“ILC will be meeting on October 15 to discuss the various reforms,” MS Sahoo, Chairperson, Insolvency and Bankruptcy Board of India (IBBI), and a member of ILC, told ***BusinessLine***.

He was responding to a query on the next course of legislative action on the IBC front. Besides group insolvency, indications are that the ILC will also discuss a new mechanism for resolution of stressed finance companies. An ILC sub-committee has already submitted recommendations for resolution of stressed finance companies. Currently, IBC does not apply to finance companies.

The new resolution mechanism for finance companies may apply only to limited set of entities. Deposit taking and systemically important NBFCs may be kept out, it is learnt. The Centre may finally go for a regime where the RBI and SEBI will have to approve the entities that can be taken to IBC for resolution.

It may be recalled that the Centre had, in March this year, reconstituted the ILC as a standing committee for review of implementation of Insolvency and Bankruptcy Code 2016.

The reconstituted committee – headed by Corporate Affairs Secretary Injeti Srinivas – has been asked to analyse the functioning and implementation of the code and make recommendations to address the issues.

Group insolvency

The current legal framework does not facilitate insolvency resolution and liquidation of corporate debtors across a group. The idea behind 'group insolvency' is to have a framework that allows multiple entities of a group facing insolvency to club them at a single court for resolution.

The government is keen to quickly bring this concept into play, sources said. The upcoming Winter session of Parliament may see some legislative action on the same. The MCA has already ruled out an ordinance for the introduction of new concepts such as cross-border insolvency and group insolvency.

The absence of such group insolvency norms is affecting the resolution of high profile cases, including more than a dozen cases of the Videocon Group, where several group companies have been dragged to the National Company Law Tribunal (NCLT) by various lenders. In fact, the lenders have written to the NCLT seeking a group insolvency approach, the sources added. However, the NCLT is not able to do anything as there is no legal provision allowing it.

In January, the Centre had set up a 11-member working group headed by former SEBI chief UK Sinha to examine the idea of group insolvency and suggest a suitable framework. The process may be useful where two or more applications are pending in the same court against debtors in the same group.

PNB, UBI, OBC merger: Expert may be roped in to decide logo of new entity

PTI Kolkata | October 13, 2019

The proposed merger will lead to the creation of the country's second-largest lender after State Bank of India.

With three state-run lenders -- Punjab National Bank (PNB), United Bank of India (UBI) and Oriental Bank of Commerce (OBC) -- heading for an amalgamation, an outside expert may be engaged to decide the logo of the merged entity, an official said.

The proposed merger, expected to be effective from April 1 next year, will lead to the creation of the country's second-largest lender after State Bank of India, with a total business volume of about ₹18 lakh crore.

"The new name and logo of the merged entity will be decided after inviting suggestions from all and sundry.

However, an outside expert may be engaged to decide on the new logo," a top official of UBI told PTI.

He said the logo is "very important" for creating an identity of the new lender.

More read - Will the big bank mergers work: An in-depth analysis

"The managing directors and executive directors of the three banks will meet next week. Talks on name and logo of the merged entity are high on the agenda," he said.

It is "very crucial" to finalise the administrative structure of the entity as the three banks have different set-ups at the moment, the UBI official maintained.

Asked about the second-quarter performance of UBI in the current fiscal, he said "the results should be good. It is being audited at present".

To a query on whether the Kolkata-headquartered lender will come out of the Prompt Corrective Action (PCA) by the end of the second quarter, he said, "It hardly matters after the announcement of the merger. If UBI is not able to meet the customers' requirements due to lending restrictions, it will be done either by PNB or OBC."

In view of the proposed merger, 34 working committees have been formed with the executives of the lenders as members for harmonisation of systems and procedures, the official added.

RBI shoots down Indiabulls-LVB merger

Our Bureau Mumbai | October 09, 2019



The RBI on Wednesday rejected the proposed amalgamation of Indiabulls Housing Finance Ltd and Indiabulls Commercial Credit Ltd with Lakshmi Vilas Bank (LVB).

The action comes less than a fortnight after the RBI put LVB under the prompt corrective action framework citing its high net non-performing assets, insufficient capital to risk-weighted assets ratio and common equity tier-I capital, and negative return on assets for two consecutive years.

In a regulatory filing, LVB said the RBI had informed it on Wednesday that the application for voluntary amalgamation with Indiabulls entities cannot be approved. No reasons were given.

The LVB Board had in April approved a merger with Indiabulls Housing Finance through a share swap deal. It was expected to help Indiabulls

get access to low-cost funds, and enable a larger geographical presence for the Tamil Nadu-based LVB.

The bank had on May 7 sought RBI approval for the merger. With the merger of GRUH Finance with Bandhan Bank, Capital First with IDFC Bank and Bharat Financial Inclusion with IndusInd Bank in the recent past, LVB and Indiabulls had hoped that their proposal would also be approved. But the string of actions against LVB put the merger under a cloud.

To grease the tracks for the merger, Indiabulls Housing Finance promoters offloaded their real estate exposure, one of the stumbling blocks from a regulatory perspective, and constituted a reorganisation committee headed by independent director and former RBI Deputy Governor SS Mundra.

The Economic Offences Wing, Delhi had registered a First Information Report (FIR) against the LVB board directors based on a complaint by Religare Finvest.

In August, Managing Director and CEO Parthasarathi Mukherjee resigned, citing personal reasons.

The LVB scrip closed at ₹27 on the BSE, down 4.93 per cent. Indiabulls Housing Finance shares closed at ₹240.30, up 2.34 per cent on the BSE.



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