

IN BRIEF



SEBI may revamp default disclosure by listed firms

NEW DELHI  
Concerned over the fraud at PNB remaining undetected for years, markets regulator SEBI may give a push to its "on-hold" plan to mandate listed firms to disclose all loan defaults within a day, a senior official said. With an aim to help investors take informed decisions in cases of loan default, SEBI had earlier proposed to mandate listed firms to make immediate disclosures on defaults. PTI

'Govt. must cut stake in PSBs to below 50%'

NEW DELHI  
The fraudulent transactions worth ₹11,500 crore detected at Punjab National Bank should act as a strong trigger for the government to reduce its stake to less than 50% in public sector banks (PSBs), industry body Assocham said. It argued that PSBs should then be allowed to function on the lines of private sector lenders with a full sense of accountability to their shareholders, protecting the interest of depositors. PTI

'Eight PSUs to hit capital markets next fiscal'

NEW DELHI  
As many as eight public sector companies (PSUs), including Hindustan Aeronautics, will hit the capital markets next fiscal as the government intends to unlock the real value of PSUs and bring in greater accountability. Department of Investment and Public Asset Management Secretary Neeraj Gupta said these initial public offerings will be done in a "staggered manner" depending upon the size of the issuance. PTI

# Banks to knock at RBI's door on PNB impasse

'Loan impairment may cross ₹20,000 cr. if PNB fails to pay on time, adding to huge non-performing assets of the lenders'

SPECIAL CORRESPONDENT MUMBAI

Banks are planning to approach the Reserve Bank of India (RBI) to break the impasse with the fraud-hit Punjab National Bank (PNB), which is declining to pay them the dues till investigations into the ₹11,500-crore LoU scam are completed, according to an official who attended a meeting of major lenders on the issue. "All the banks first tried to convince PNB to honour the commitments. "But they are saying let the investigations be over... so, ultimately, we decided to refer the matter to the RBI for a final decision," said the official who attended a meeting of lenders on Saturday. The banks have decided to approach the central bank through the Indian Banks'

Association (IBA). Last week, the state-run lender informed the stock exchanges about the detection of \$1.77 billion (₹11,500 crore)-worth unauthorised transactions where fraudulent letters of undertaking (LoUs) were issued from a branch in Mumbai to secure overseas credit.

**'Liable to pay'**  
Bankers, at the meeting, pointed out that LoUs were issued by PNB for buyers' credit. Since the other banks had extended loans to PNB (the amount was credited to PNB's NOSTRO account) which, in turn, gave the funds to firms involved in the fraud, the state-run lender was liable to pay the other lenders. Allahabad Bank, for example, had an exposure of



Banking on RBI: Lenders are looking to the banking sector regulator to break the deadlock. ■ PAUL NORONHA

\$366.87 million and State Bank of India \$212 million to PNB. If PNB did not pay them, these lenders would have to classify the loans (gi-

ven to PNB) as NPAs. In that case, the total loan impairment arising out of this particular case could rise to ₹20,000 crore, banking in-

dustry sources said. "Bank is fully secured by LoU documents and fully confident of receiving the payments," Allahabad Bank had informed the exchanges. Public sector banks, already reeling under huge non-performing assets (NPAs), do not want to their books to be impaired further by this issue which, they said they believed, is not of their making. As a result, they now want the regulator to break the deadlock as soon as possible.

2015 guidelines

"They (RBI) have already issued a guideline in 2015 for similar kinds of cases. They have to just reiterate the guideline which covers all these kinds of scenarios," said another banker. RBI had pointed out to the failure of internal control of

PNB as being the main reason for the fraud taking place. It said it was assessing the situation and would take appropriate supervisory action. It may be recalled that the banking regulator had already undertaken a supervisory assessment of control systems in PNB.

'Backed by assets'

Some of the banks that had exposure to the companies of Nirav Modi and Mehul Choksi – the main accused in this fraud – said their loans were backed by the assets of companies such as Gitanjali Gems. The Enforcement Directorate had conducted searches at several properties belonging to Mr. Modi and reportedly seized diamond and gold jewellery worth more than ₹5,000 crore.

## PNB: wilful default sum rises 23%

PRESS TRUST OF INDIA NEW DELHI

The Punjab National Bank has seen an almost 23% rise in the amount that wilful defaulters owe it, with loan outstanding of ₹25 lakh and above, in just more than eight months ended January this year. The defaulters, who had taken loans of more than ₹25 lakh, had a gross outstanding of ₹14,593.16 crore as on January 31, as per PNB data. The bank first started giving out such data from June 2017, when the gross loan outstanding against the defaulters was ₹11,879.74 crore. This had grown over 22.8% in the eight months. The rise came especially when the bank had been aggressive for over a year now in recovering bad loans.

## Financial conditions improving: CII-IBA

'Index notes govt. work in fiscal space'

SPECIAL CORRESPONDENT NEW DELHI

The Confederation of Indian Industry (CII)-Indian Banks' Association (IBA) Financial Conditions Index, a key indicator in assessing short-term financial conditions in the Indian economy, for the ongoing fourth quarter of 2017-18 registered 53.2, an improvement of five points year-on-year. However, it marked a significant fall of 12.1 over the third quarter of this fiscal. There has been also been a major compression in two sub-indices – the Cost of Funds Index (22.8 in Q4 FY'18 versus 55.6 in Q3 FY'18) and Funding Liquidity Index (60.3 in Q4 versus 85.9 in Q3).

Two other sub-indices, viz. the External Financial Linkages Index (67.2 in Q4 versus 64.5 in Q3) and Economic Activity Index (62.5 in Q4 versus 55.2 in Q3) have shown an improvement in the Q4 FY2017-18 quarter vis-à-vis the last quarter.

**'Industrial activity'**  
"Industrial activity and consequent linkages to financial sector are contingent on intervention in fiscal, sectoral and monetary policy space," said Chandrajit Banerjee, director general, CII. "There is a clear acknowledgement of actions that have been taken by the government in fiscal and sectoral space," the director general said.

## Hyperloop to link Pune, Mumbai

PRESS TRUST OF INDIA MUMBAI

The Virgin Group on Sunday signed an 'intent agreement' with Maharashtra to build a hyperloop transportation system between Mumbai and Pune, said Virgin Group chairman Richard Branson. The project aims to reduce the travel time between the two cities to 20 minutes, from the three hours at present.

The first hyperloop route will link central Pune with the megapolis as well as the Navi Mumbai international airport. With easier access to airport gates, the loop will be able to ferry 150 million passengers every year. The route will allow travel at speeds up to 1,000 km per hour.

## RIL eyes ₹60,000 cr. digital industrial area

India can achieve more than China via fourth industrial revolution: Ambani

SPECIAL CORRESPONDENT MUMBAI

Reliance Industries (RIL), along with global firms, is planning to invest more than ₹60,000 crore in Maharashtra in the next 10 years for establishing an integrated digital industrial area for the 'fourth industrial revolution.'

"RIL, along with other global companies, will invest over ₹60,000 crore in the next 10 years in Maharashtra which will be the first integrated digital industrial area in the country," said Mukesh Ambani, chairman, RIL.

"I firmly believe that what China could achieve with its manufacturing revolution, India can achieve much more – and much more quickly – with the businesses and services of the fourth



Mukesh Ambani

industrial revolution," said Mr. Ambani, addressing the global investors' summit 'Magnetic Maharashtra: Convergence 2018' here on Sunday. As many as 20 firms, including Cisco, Siemens, Corning, HP, Dell, Nokia and Nvidia are understood to have agreed to invest in the venture. Elaborating on the concept, Mr. Ambani said,

"the fourth industrial revolution is a convergence of disruptive technologies in the physical, digital and biological spheres. It is going to transform the world and our society in unimaginable ways. It will make Maharashtra the birthplace and the cradle of the fourth industrial revolution in India."

Harnessing AI, IoT

He said India couldn't be left behind in the global race to harness artificial intelligence, robotics, blockchain, Internet of Things, next-generation virtual and augmented reality, life sciences, new materials and new sources of energy and other technologies of the future.

"India has an opportunity to be a global leader. The fourth industrial revolution

will help Maharashtra and India solve the most difficult problems in socio-economic development. In healthcare and education, in water security and environmental security, in boosting agriculture production, in making all our towns and cities smart, [as also] our villages. "Importantly, the fourth industrial revolution will generate millions of new attractive employment opportunities for the youth of Maharashtra and India," he said. Tata Trusts chairman Ratan Tata said the Tata industrial empire's journey began in Maharashtra in 1877 when Jamsetji Tata built a textile mill in Nagpur. He added the group would continue to invest in Maharashtra as most of its firms are based in the State.

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