



**ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION**  
(Affiliated to All India Bank Pensioners & Retirees Confederation – AIBPARC)  
163/4, Kutcheri Road, Mylapore, Chennai - 600004  
E mail i.d: [aiubparf@gmail.com](mailto:aiubparf@gmail.com)/ [ubioatnng@gmail.com](mailto:ubioatnng@gmail.com)/ [suryanarayananram@gmail.com](mailto:suryanarayananram@gmail.com)

**Com. P.B. Thomas**  
Chairman  
Thiruvananthapuram  
M: 09447177456

**Com. Nitin Desai**  
President  
Ahmedabad  
M: 097277 60641

**Com. S. Bagchi**  
Working President  
Kolkata  
M: 0983081586

**Com. N. Govindarajulu**  
General Secretary  
Chennai  
M: 09841089111

**Dear Comrades,**

**1<sup>st</sup> October , 2016**

### **NEWS OF INTEREST 1ST OCT**

#### **QUOTE OF THE DAY**

**“YOU NEED TO OVERCOME THE TUG OF PEOPLE AGAINST YOU AS YOU REACH FOR HIGH GOALS”**

**GEORGE S. PATTON**

#### **HIGHLIGHTS**

- 1. KOTAK MAHINDRA BANK ACQUIRES BSS MICROFINANCE**
- 2. UJJIVAN MULLS DIGITAL STEPS FOR RURAL CUSTOMERS**
- 3. UJJIVAN MULLS DIGITAL STEPS FOR RURAL CUSTOMERS**
- 4. SBI OFFERS ‘HOPE LOANS’ AT REDUCED INTEREST RATES**
- 5. PNB REVISES LENDING RATES**
- 6. RESERVE BANK OF INDIA SAYS MONETARY POLICY COMMITTEE TO MEET ON OCTOBER 3-4**

Business standard

#### **1. Kotak Mahindra Bank acquires BSS Microfinance**

This acquisition will allow Kotak to tap the lower end of the customer base

Nupur Anand

Kotak Mahindra Bank, the country’s fourth largest private sector lender, has acquired BSS Microfinance in an all-cash deal for Rs 139.2 crore.

The bank said with this, it has entered the micro finance space that has been growing at a rapid pace. This acquisition will allow Kotak to tap the lower end of the customer base and will also help the bank in meeting the priority sector lending (PSL) targets, as BSS’ loans book qualifies for PSL.

At the end of the quarter ended June, BSS had microfinance loans of Rs 483 crore in its books and had a net worth of Rs 73 crore. In FY16, BSS had made

net profit of Rs 14 crore. The lender has managed to keep its bad loans in check. As of now, BSS has a presence in Karnataka, Maharashtra and Madhya Pradesh. However, after the acquisition, the bank plans to expand the geographical presence.

"This acquisition gives Kotak access to BSS's growing customer base which currently stands at 217,000 and a network of 78 branches as of June 30, 2016," said the bank in a release.

Narayan SA, president-Commercial Banking, Kotak Mahindra Bank, said there would not be any management changes and all 740-plus employees of BSS would be absorbed.

"BSS decided to sell out as it was having capital constraints. But now, with Kotak, they will not have any capital constraints and we are really looking at growing this business, as the lender has a robust book and has been growing at 30 per cent," he added.

Essel Finance was also in talks to acquire BSS. However, the deal couldn't be completed.

The lender said BSS will become a subsidiary of Kotak after getting the regulatory approvals.

Private Banks have increasingly started looking at microfinance companies as acquisition targets. Recently, IDFC Bank also bought over South India-based lender Grama Vidiyal Microfinance for an undisclosed amount and made it a subsidiary.

This comes at a time when the microfinance industry is believed to have had grown at 60 per cent last financial year.

Prior to this, in 2014, Kotak Mahindra Bank had acquired Bengaluru-headquartered ING Vysya Bank in an all-stock deal.

Kotak Mahindra and associates are significant shareholders in Business Standard Private Limited

## **2. Ujjivan mulls digital steps for rural customers**

The bank plans to use Aadhaar e-KYC to open accounts, use hand held devices for verification; have mobile ATM services

Apurva Venkat

Ujjivan Financial Services Ltd is looking at automation and digital initiatives to keep costs low as it reaches out to the unbanked customers when it opens its small bank in February.

The bank plans to use Aadhaar e-KYC to open accounts, use hand held devices for verification; have mobile ATM services to allow customers deposit or withdraw cash as much as Rs 5,000. Ujjivan plans to open 116 new branches in rural areas, as it converts its 464 centres as bank branches.

"For us the given the size and the numbers, the numbers are going to be more interesting in terms of providing services to large number of people. At the same time we have to keep our cost down to do that technology is a very important part," said Ittira Davis, Chief Operating Officer and Head of Transition at Ujjivan.

"We are going to find lot of people( competition ) entering the space and cost efficiency becomes important for us," Davis added.

Ujjivan is looking at a model that replicates its microfinance initiatives, where it reaches out to customers, calling it doorstep banking, at local centres outside the branch. These centres would come up around 10 kilometres of a bank branch, allowing customers to deposit or access cash during specific days.

"For some of them half a day goes in coming to a branch and they lose half a day's work. To solve these problems we have come up with the center meetings," said Davis. "In terms of repayment it has encouraged people to be more timely on repayments, what happens there are days for repayments and if you ask customers to come to the branch on those days they may find it difficult. By going to them they are able to honour those commitments and there are much lesser defaults," Davis added.

Ujjivan will also look at small firms and vendors to target as customers. As vendors with sales on Flipkart or Amazon already have established themselves and have a track record of sales, which will help it grow the business.

"Going further we are going into the micro and small enterprises as lot of business potential is the as this a sector which is not been supported well. We see this as a natural growth for us. Our products will be focused on them going forward," said Davis.

### **3. Stabilising asset quality prime task: IOB chief**

R Subramania Kumar moved to IOB on September 29 to avert a crisis as it would have become a leaderless organisation

Abhijit Lele

Stabilising asset quality at the ailing Chennai-based lender Indian Overseas Bank (IOB) will be the top priority over the next few quarters, said the new Executive Director R Subramania Kumar.

Kumar was executive director at Indian Bank but moved to IOB on September 29 to avert a crisis as the latter would have become a leaderless organisation. Atul Agarwal, the only executive director at IOB, retired on Friday.

Kumar held discussions with senior managers on the stressed loan condition and the steps taken to control slippages. Besides managing asset quality, strengthening confidence of employees as human resource strategy would top his agenda, Kumar told Business Standard.

Chennai-based Indian Overseas Bank has remained headless for almost two months now in the absence of a full-time chief executive.

R Koteeswaran had retired as managing director and chief executive officer at the end of June 2016. He had joined Indian Overseas Bank on December 31, 2014.

The second line of leadership at IOB is thin. Pawan Kumar Bajaj, another executive director, has moved to Kolkata-based United Bank of India as managing director and chief executive.

Brickwork Ratings, meanwhile, had downgraded bonds issued by Indian Overseas Bank from A- to BBB+. It maintained its outlook on the bonds as

negative. The downgrade has come in the context of rising bad loans on the bank's balance sheet.

Financial Express

#### **4. SBI offers 'Hope Loans' at reduced interest rates**

SBI today announced the launch of a special financing scheme 'Hope Loans', under which customers can avail credit facility at lower rates.

By: [PTI](#)

SBI today announced the launch of a special financing scheme 'Hope Loans', under which customers can avail credit facility at lower rates.

"Hope Loans comes with the added benefit of reduced interest rates that SBI has just announced due to the reduction in the marginal cost of lending rate (MCLR). On an Rs 50 lakh home loan, for example, one would get to save approximately 3.5 lakh for a 30 year tenor compared to the same period last year," it said in a release.

With the reduction in MCLR, the effective interest rate for home loans will be 9.25 per cent for women and 9.30 per cent for men and for auto loans, it would be 9.65 per cent respectively.

Besides, the processing fee on car loan has been waived, SBI said.

Customers availing a home loan on SBI approved projects, online applications or applying for transfer of home will also benefit from the fee waiver, the state-run lender said.

SBI said it offers the lowest interest rate for both home and auto loans, and 'Hope Loans' makes this value proposition even sweeter.

SBI said for every home, auto and personal loan it would disburse between October 1 and December 31, 2016, the bank would make a sizeable monetary contribution to recognised NGOs' working in the area of education, health, shelter, clean energy and environment across the country.

Transactions made through State Bank Buddy digital wallet will also be included as part of this new initiative.

"The larger purpose of introducing the concept of Hope Loans is to give its customers, the confidence of joining hands with a trusted and solid brand of the stature of SBI in being the hope for the under privileged," it added.

#### **5. PNB revises lending rates**

Country's second largest public sector Punjab National Bank has revised its marginal cost of funds based lending rates which would be in the range of 9.05 per cent to 9.60 per cent from October 1.

By: [PTI](#)

Country's second largest public sector Punjab National Bank has revised its marginal cost of funds based lending rates which would be in the range of 9.05 per cent to 9.60 per cent from October 1.

"The bank has revised the Marginal Cost of Lending Rate (MCLR) with effect from October 1, 2016," it said in a regulatory filing.

For overnight tenor it will be 9.05 per cent, for 3-months 9.2 per cent, one year term 9.3 per cent; three years 9.45 per cent and that for five years the MCLR is fixed at 9.6 per cent.

Banks have moved to MCLR as its new benchmark lending rate from June, replacing the base rate system for new borrowers.

It is calculated on the marginal cost of borrowing and return on net worth for banks. It was introduced by RBI to ensure fair interest rates to borrowers as well as banks.

It also seeks to address the regulator's primary objective of expediting monetary policy transmission along with augmenting uniformity and transparency in the calculation methodology of lending rates.

The MCLR rates are revised every month.

PNB stock closed 2.81 per cent up at Rs 140.65 on BSE.

## **6. Reserve Bank of India says monetary policy committee to meet on October 3-4**

India's central bank said on Friday a newly-appointed monetary policy committee to set interest rates will meet from Oct. 3 to 4, and the decision will be out at 1430 India time (0900 GMT) in the Reserve Bank of India's website.

By: Reuters

India's central bank said on Friday a newly-appointed monetary policy committee to set interest rates will meet from Oct. 3 to 4, and the decision will be out at 1430 India time (0900 GMT) in the Reserve Bank of India's website.

The monetary policy committee comprises [RBI](#) Governor Urjit Patel, two senior central bank monetary policy officials, and three independent economists appointed by the government earlier this month. Patel will act as the tie-breaker in case of a split vote.

Deciding interest rates by committee marks a landmark change for the central bank. Previously, only the RBI Governor decided the policy rate, currently at 6.50 percent.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)  
GENERAL SECRETARY**