



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
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Dear Comrades,

30th July, 2016

News of Interest 30th July:

QUOTE OF THE DAY:

“WE KNOW WHAT WE ARE, BUT KNOW NOT WHAT WE MAY BE.”

WILLIAM SHAKESPEARE

HIGHLIGHTS

1. BANKING OPERATIONS PARALYSED DUE TO NATIONWIDE STRIKE
2. SBI, ASSOCIATES MERGER BY MARCH 2017: CHAIRMAN
3. PNB TO SELL ITS REALTY ASSETS IN CENTRAL DELHI
4. IDBI BANK CUTS BASE RATE BY 10 BPS TO 9.65 PER CENT
5. OUTSTANDING BANK CREDIT TO INDUSTRIES UP 0.6% IN JUNE
6. ICICI BANK Q1 NET SLIPS 25%
7. NEW ROW: HANDING OVER BAD STUDENT LOANS TO RELIANCE
8. KARNATAKA BANK NET UP 11%
9. ICICI BANK SETS UP TOP TEAM TO TRACK LOANS, SOUND 'NPA' ALERT
10. RBI SURVEY FINDS 30 PER CENT OF ATMS NON-FUNCTIONAL

Business Standard

1. Banking operations paralysed due to nationwide strike

The unions in the banking sector had given the strike call to protest the mergers in the sector, infusion of private capital in govt banks and others

IANS |

Banking operations across the country were hit on Friday as around 1 million employees in around 40 private and nationalised banks struck work for a day to protest against the central government's policies for the sector.

"The strike has evoked a good response nationwide as around 1 million have participated in it. Most of the nationalised banks are closed," C H Venkatachalam, General Secretary of the All India Bank Employees Association (AIBEA), told IANS in Chennai.

Echoing this, K Thamaraiselvan, General Secretary of Andhra Bank Employees Union (Tamil Nadu unit) said: "The banking operations have been paralysed nationwide."

The unions in the banking sector had given the strike call to protest the mergers in the sector, infusion of private capital in government banks and others.

The strike call was given by the United Forum of Bank Unions (UFBU) an umbrella body of nine unions in the banking sector viz., AIBEA, AIBOC, NCBE, AIBOA, BEFI, INBEF, INBOC, NOBW and NOBO.

"The strike involved around 1million employees and officers of public sector banks, old generation private banks and foreign banks totalling more than 80,000 branches," Venkatachalam said.

According to Venkatachalam, unmindful of the adverse implications, the government was pursuing the reform measures in the banking sector like inadequate infusion of capital in public sector banks, which will result in reduction of government's equity capital and create compulsion for higher extent of private capital leading to privatisation of banks.

"In the last 40 years, more than 40 private banks have collapsed. We cannot allow to take that risk again. Banks must continue in public sector in national interest," he said.

According to him, the total deposits in the banks today are more than Rs 116 lakh crore and this cannot be placed at the doors of private players by privatising the banks.

He said the government wants to consolidate and merge 27 public sector banks to make them into some five or six big banks for the sake of global competition.

"We need efficient banks and not necessarily big banks. Big banks do not automatically mean strong banks. In many countries big banks have failed and they are in trouble," he added.

He said privatisation of banks will not help in recovering bad loans totalling over Rs 13 lakh crore and may result in handing over the banks to a loan defaulter.

Criminal action against wilful loan defaulters should be taken instead of dealing with them with a velvet hand, he added.

Meanwhile, industry body Assocham on Friday urged UFBU to call off their strike as customer transactions worth about Rs 12,000 crore-Rs 15,000 crore would be affected.

"Public sector banks (PSBs) are already less profitable and have relatively higher ratios of non-performing assets (NPAs) compared to private sector banks, and such a complete halt of banking transactions following UFBU's decision to go on strike might result in significant losses," D.S. Rawat, secretary General of The Associated Chambers of Commerce and Industry of India (Assocham) said in a statement in New Delhi.

"With a view to revamp the functioning of the PSBs, banking sector reforms is the need of the hour," he added.

2. SBI, associates merger by March 2017: Chairman

Says RBI expected to keep rate unchanged next month

Dilasha Seth & PTI

Unaffected by the nationwide strike by employees of public sector banks, State Bank of India (SBI) Chairman Arundhati Bhattacharya said on Friday the merger of five associate banks and Bhartiya Mahila Bank with the country's largest lender should be over by next March.

On the sidelines of the launch of SBI's wealth management offering called "SBI Exclusif," Bhattacharya also said the Reserve Bank of India (RBI) will keep the policy rate unchanged in its policy review next month as inflation has gone up.

At the same event, Finance Minister Arun Jaitley, who launched the initiative, said the convention that bank deposits were safe investment avenues would be a thing of past and people would shift to alternative instruments which have the potential to provide better returns.

"That is how the pension funds and sovereign funds are surviving and doing extremely well," he said.

SBI, he said, can play a role in helping a large section of the retired population who are trying to live a respectable life on the strength of their savings. "In India now as that opportunity expands, as a number of people with additional resources increases, you need a set of competent managers to manage the resources," Jaitley said.

Bhattacharya termed reports of her being in the reckoning for the RBI governor's post as "media speculation". SBI first merged State Bank of Saurashtra with itself in 2008. Two years later, State Bank of Indore was merged.

Services at around 80,000 bank branches in the country were hit on Friday as employees of public sector banks went on a one-day strike to protest against the proposed merger of SBI associates with the parent among other issues.

The merged entity will create a banking giant with an asset base of Rs 37 lakh crore.

SBI has five associate banks — State Bank of Bikaner and Jaipur, State Bank of Travancore, State Bank of Patiala, State Bank of Mysore and State Bank of Hyderabad. Of these, State Bank of Patiala and State Bank of Hyderabad are unlisted.

The SBI chairman said it was expected the central bank would keep interest rate unchanged as inflation has gone up. Retail inflation has gone up to around 5.8 per cent in June against RBI's target of four per cent (+/- 2 per cent). RBI is scheduled to announce monetary policy review on August 9.

3. PNB to sell its realty assets in central Delhi

Takes over five-star property in Bengaluru to recover dues

Abhijit Lele

In a bid to monetise its real estate portfolio, Punjab National Bank (PNB) plans to sell its real estate assets in central Delhi.

"At present, the bank's units which are part of the headquarters are spread across various locations. PNB will relocate its headquarters to its new building in Dwarka, releasing the currently occupied space," said Usha Ananthasubramanian, the public sector lender's managing director and chief executive officer. The bank would also auction some its realty assets in Kanpur and Gorakhpur (Uttar Pradesh) and some properties in Kerala, she said on Friday during a conference call with analysts.

PNB is also planning to recover Rs 3,000 crore from among its bad loans by selling these to asset reconstruction companies (ARCs).

In the quarter ended June 2016, the bank recovered Rs 727 crore from these accounts up from Rs 217 crore in the year-ago quarter. For 2015-16, recovery from such accounts amounted to Rs 2,297 crore.

The PNB management expects to drive recoveries to a point where these are higher than slippages. The bank's watch list stands at Rs 3,900 crore.

"The momentum is there for recoveries. This trend should set in the coming quarters. No one can say we are done with non-performing assets, but, more or less, the tapering has happened," Ananthasubramanian added.

Meanwhile, the bank has taken physical possession of a five-star hotel property in Bengaluru, which is almost complete. PNB has exposure of Rs 110 crore to the developer of this property, which is slated to open in August this year.

"The physical possession of this property was to get the developer around to pay the dues. Some ARCs had evinced interest to buy this loan from us. But this being a near-complete property, it made sense for us to keep the exposure on the bank books," said another PNB official.

Financial express

4. IDBI Bank cuts base rate by 10 bps to 9.65 per cent

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By: PTI

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The Benchmark Prime Lending Rate (BPLR) is also reduced from 14.25 per cent to 14.15 per cent, the bank said in a release. The revision in the rates shall be effective from August 1, 2016. The Bank has recently reduced its Marginal Cost of Funds based Lending Rates (MCLR).

"The reduction in benchmark rates is expected to positively impact loan growth; both in the retail consumer segment, corporate sector lending, thereby supporting the growth impulses in the economy, " it said.

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5. Outstanding bank credit to industries up 0.6% in June

On the other hand, loans to the second most indebted sector of the economy — iron & steel — grew in double digits at 10.3% (y-o-y) to Rs 3.13 lakh crore.

By: FE Bureau

Validating the muted corporate loan growth figures that are being reported by individual banks in the quarter ended June, outstanding bank credit to industries recorded just a 0.6% (y-o-y) growth to Rs 26.5 lakh crore in June, Reserve Bank of India (RBI) data released on Friday showed.

Loans to industry was driven mainly by those to large corporates, which grew 2% (y-o-y), while that to medium and micro & small industries declined 9.5% and 3.8% respectively.

Within industry, negative loan growth was seen across several sectors. Loans to the power sector — the most indebted of all — for instance, fell 7.7% (y-o-y) to Rs 5.28 lakh crore. This pushed loan growth to the infrastructure sector as a whole into negative territory. Negative loan growth was also seen in several other large borrower sectors like food processing (-9.3%) and gems & jewellery (-1.4%).

On the other hand, loans to the second most indebted sector of the economy — iron & steel — grew in double digits at 10.3% (y-o-y) to Rs 3.13 lakh crore.

RBI data also reveals that in the month of June, personal loans continued to grow in high teens, with credit card outstanding growing by 29.2% (y-o-y), followed by vehicle loans and other personal loans, both of which grew at over 20% (y-o-y).

Speaking at ICICI Bank's Q1 results press conference, its MD & CEO Chanda Kochhar said that she doesn't expect the bank's corporate loan book to grow faster than double digits during the current fiscal. "As far as credit growth is concerned we had said that we will continue to probably see a target of 18% for our domestic loan book which will be mainly driven by growth in the retail segment. So, retail will grow at about 22% and corporate will grow in low double digits and that is how the overall growth of 18% will be possible," she explained. When it comes to services, while loans to the sector as a whole grew by 9.2% (y-o-y) to Rs 15.65 lakh crore, those to professional services grew by 31.7% (y-o-y) to Rs 1.13 lakh crore, while those to wholesale trade fell 5.4% (y-o-y) to Rs 1.71 lakh crore.

Business Line

6. ICICI Bank Q1 net slips 25%

OUR BUREAU

Higher provisioning for bad loans at ₹2,515 crore during the first quarter of this fiscal (₹955 crore in Q1 FY16) saw ICICI Bank's net profit decline 25 per cent year-on-year to ₹2,232 crore (₹2,976 crore in Q1 FY16) on standalone basis.

Net interest income for the quarter rose 0.8 per cent year-on-year to ₹5,159 crore. Net interest margin (NIM) declined 38 basis points to 3.16 per cent.

Chanda Kochhar, MD and CEO, ICICI Bank, said: "There are uncertainties in respect of certain sectors due to weak global economic environment, low commodity prices, gradual nature of domestic recovery and high leverage." The bank has identified power, iron and steel, mining, cement and rigs as the key sectors in this context. The bank's exposure to these sectors as a percentage of total exposure stood at: 5.4 per cent to power; 4 per cent to iron and steel; 1.6 per cent to mining; 1.2 per cent to cement; and 0.5 per cent to rigs. During Q1 FY17, the bank utilised ₹865.44 crore from the collective contingency and related reserve of ₹3,600 crore, which it created during the last quarter, towards exposures to these sectors. The reserve created was over and above the provisions it made for non-performing and restructured loans.

The balance sheet size (total assets) on standalone basis stood at over ₹7.27-lakh crore, up 13 per cent y-o-y.

Deposits grew 15 per cent to over ₹4.24-lakh crore. Of this, low-cost current account and savings account (CASA) deposits constituted 41.7 per cent, up 60 basis points y-o-y. Advances grew 12 per cent to over ₹4.49-lakh crore.

Gross non-performing assets rose 219 bps to 5.87 per cent while net NPA increased 177 basis points to 3.35 per cent.

The bank's capital adequacy ratio according to Basel-III norms stood at 16.22 per cent, down 15 bps.

7. New row: handing over bad student loans to Reliance

OUR BUREAU

The State Bank of India's decision to handover its "non-performing" education loans to Reliance's Asset Reconstruction Company was criticised in the Rajya Sabha here on Friday.

Taking up the matter during zero hour, CPI (M) MP KK Ragesh said SBI gave bad loans worth ₹847 crore to Reliance, and its ARC has to return just 45 per cent of the total loan amount over a period of 15 years.

"Why is the SBI taking such kind of a decision? If students are given the same concession as has been offered to Reliance, voluntarily, students themselves may pay back the loan amount," Ragesh said. His demand was supported by members belonging to all political parties.

He said if 15 years is given to students, they may voluntarily pay back the loan. "Why is such a concession being offered to the Reliance company? It is not for the first time that the SBI is showing its apathy towards the student community," he asked.

Ragesh added that recently there was also a decision that students who had defaulted on loan repayments will not be allowed to apply for jobs in the SBI.

"What is this? Who is depending upon education loans? It is the students from socially and educationally backward sections... And why are they not in a position to pay back the loans? That is because of the poor quality of education and because of the unemployment situation that exists in our country," he added.

He said it is the responsibility of the State to ensure education and employment to students. "The government is abdicating its responsibility. Indebted students are the victims of the education policy. Educational institutions are being made mere teaching shops. That is why such a situation has arisen," he said, and urged the Centre to intervene in the matter.

8. Karnataka Bank net up 11%

A J VINAYAK

Net interest income (NII) and other income boosted the net profit of Karnataka Bank by 11.16 per cent in the first quarter of 2016-17.

The bank registered a net profit of ₹121.54 crore in Q1 FY17 as against ₹109.34 crore in the corresponding period of the previous fiscal.

Speaking to *Business Line* after the board meeting in Mangaluru on Friday, P Jayarama Bhat, Managing Director and Chief Executive Officer of the bank, said there was 46.35 per cent growth in other income during the period.

Other income climbed to ₹174.35 crore (₹119.13 crore in Q1 FY16). Of this, trading profit increased to ₹41.80 crore (₹10.51 crore), and fee-based income to ₹132.55 crore (₹108.62 crore). The NII of the bank climbed 10 per cent to ₹364.69 crore (₹331.32 crore).

Stress assets

During the quarter, the gross and net non-performing assets (NPAs) of the bank stood at 3.92 per cent (3.26 per cent) and 2.61 per cent (2.05 per cent), respectively. Bhat said that gross NPAs have remained below 4 per cent and will be controlled in the next two-three quarters.

Preventive measures initiated by the bank to minimise the impact of NPAs have helped safeguard the bottomline, he added. Provisions and contingencies increased to ₹136.31 crore (₹115.85 crore) during the quarter.

Low-cost deposits

The current account and savings account (CASA) deposits stood at 26.22 per cent of total deposits in the first quarter (25 per cent in the year-ago quarter).

9. ICICI Bank sets up top team to track loans, sound 'NPA' alert

By Joel Rebello

ICICI Bank BSE -3.40 % has set up a team to improve monitoring of credit and provide early warning of loans going bad after a sharp rise in non-performing assets (NPAs) in the last fiscal year.

"We have built a credit-monitoring group for wholesale banking customers which will monitor loans on a day-to-day basis (and) develop predictive models for early warning in the financial system," managing director Chanda Kochhar said in a conference call with reporters. "This group will monitor compliance and

security structures, develop analytics and create a dashboard for credit monitoring."

The group will be separate from existing loan-monitoring teams and is a result of suggestions by consultant McKinsey, Kochhar said. "The focus will continue to be on resolution of accounts," she said.

"Conditions continue to remain volatile because of global uncertainties, low commodity prices, high leverage (of companies) and gradual domestic recovery. We are working with our clients for resolution of these loans and will continue to monitor them."

ICICI Bank's net profit plunged 76 per cent in the quarter ended March, the biggest year-on-year drop since inception as it set aside Rs 3,600 crore against bad loans. The bank listed five sectors - iron and steel, power, cement, mining and rigs-for special monitoring in the months ahead.

The June quarter saw Rs 8,249 crore of loans turn into NPAs, up from Rs 7,000 crore in preceding one. About 76 per cent of these bad loans were from the Rs 44,065 crore debt on a watch list the bank had announced in March.

Kochhar said the new team will make monitoring more focused, though there won't be many changes in terms of people or investments. As suggested by McKinsey, ICICI will consolidate its digital and technology businesses into one department. In May, the bank appointed B Madhivanan to the new post of chief technology and digital officer (CTDO) reporting directly to Kochhar. All technology and digital units will now report to the CTDO.

"This department will look at scaling up innovations, sustaining digital," Kochhar said. "It will be a dedicated technology and digital group integrating all technology with analytics, strategic partnerships, prototyping and incubating digital projects."

10. RBI survey finds 30 per cent of ATMs non-functional

By PTI |

An RBI survey has found that 30 per cent ATMs of public sector banks and 10 per cent belonging to private banks were non-functional due to technical snags, and no cash, among other reasons.

In a written reply to the Lok Sabha, Minister of State for Finance Santosh Kumar Gangwar said RBI has informed that it recently conducted a "representative sample survey" of about 4,000 ATMs situated in metro, semi-urban, urban and rural areas across the country.

"Primary findings of the survey has revealed that around 30 per cent of the ATMs (600) of public sector banks and 10 per cent (100) ATMs of private sector banks surveyed were non functioning/mal-functioning," he said.

The major reasons for non-functioning/mal-functioning of ATMs noticed in the survey were -- technical snag, non - availability of network, power failure and non-availability of cash.

"The report does not explicitly capture bank-wise data on non-functioning/mal-functioning of ATMs surveyed," the minister said.

At May 2016 end, there were 102779 on-site ATMs of banks besides 111492 off-site ATMs across the country.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY